

Annual Report 2018
Van Oord N.V.



Cover photo Trailing suction hopper dredger Vox Amalia moored along the Wilhelminakade next to the Cruise Terminal in Rotterdam for its christening ceremony.



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* Sections marked with an * are part of the directors' report as defined in the Dutch Civil Code

Key figures

(all amounts in million Euros)

	2018	2017	2016	2015	2014
Net revenue	1,876	1,530	1,713	2,579	2,104
EBITDA **	306	290	333	406	312
Depreciation and amortisation	161	157	187	167	152
EBIT **	145	133	147	239	159
Net profit	92	78	90	169	119
Total equity and liabilities	2,530	2,530	2,647	2,799	2,285
Equity	999	943	905	902	783
Long-term loans	207	412	466	474	493
Cash	287	316	280	326	134
Net debt	78	43	79	68	322
Order book **	3,676	3,395	3,271	2,349	3,222
Cash flow from operating activities	128	178	308	496	259
Cash flow from investment activities	-120	-103	-232	-191	-304
Cash flow from financing activities	-34	-39	-114	-119	-53
Net cash flow	-26	36	-38	186	-98
Dividend	40	34	39	79	57
Return on equity **	9.5%	8.5%	10.0%	20.1%	15.6%
Return on capital employed **	9.3%	8.3%	9.4%	16.3%	11.8%
EBITDA/net revenue	16.3%	19.0%	19.4%	15.8%	14.8%
Net profit/net revenue	4.9%	5.1%	5.3%	6.6%	5.6%
Equity/total assets	39.5%	37.3%	34.2%	32.2%	34.3%
No. of employees in full-time equivalents at 31 December	4,954	4,454	4,816	4,912	4,843
Ratio male/female % *	86/14	87/13 ***	85/15	86/14	86/14
Number of nationalities employed by Van Oord	74	68	68	73	74
Number of participants in training courses	3,353	3,501	3,997	4,512	3,766
Absence due to illness (in % of Dutch payroll) *	4.0	3.5	3.8	3.3	2.9
Accident frequency in LTIFR *	0.18	0.19	0.20	0.22	0.40
Accident frequency in TRIR *	0.67	0.73	1.04	1.25	1.23
Carbon footprint (tonnes) *	576,516	676,661	704,216	874,220	787,900
Fleet energy-efficiency improvement over 2010 (cumulative)	7.4%	6.0%	5.6%	5.2%	4.2%
CO ₂ performance ladder (level)	5	5	5	5	5

* see list of terms

** see list of financial terms

*** adjusted due to changed scope



! Breaking new ground

We trace our roots back to 1868, with Govert van Oord as one of our founders. Over the course of 150 years, Van Oord has grown into the company it is today. Commissioned by Van Oord, the book *Breaking new ground - Dutch dredging pioneers* was published in 2018 to commemorate the history of the Dutch dredging industry. It is a story of dredging entrepreneurs and how they turned their craft into today's professional marine contracting industry.

Van Oord in brief

Founder's mentality

We are a Dutch family-owned company with 150 years of experience as an international marine contractor. We value open communication with our clients and stakeholders. Our company culture is one of entrepreneurship and engaged employees. We think and act with responsibility and focus on the long term.

Mission

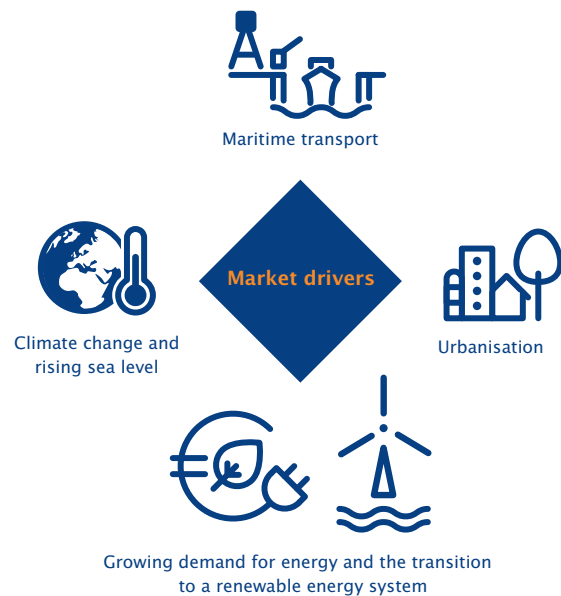
As a global marine contractor, we focus on dredging, oil & gas infrastructure and offshore wind. We work closely and safely with our clients and stakeholders to create innovative and sustainable solutions.

Market drivers

Our purpose and mission have four main drivers. The growing world population needs more space. Maritime transport requires new and improved infrastructure. Climate change demands better coastal protection. The demand for energy is growing and a renewable energy system is essential to providing the energy needed for the future.

Purpose

Our purpose is to create a better world for future generations by delivering Marine ingenuity.



Our values

We have defined four values that describe how we achieve our business goals:

we (**create
care
work together
succeed**)

We create

We share a passion for entrepreneurship and marine construction. We design and execute innovative maritime solutions based on Marine ingenuity, creating value for our clients. This is our reason for being and it defines our contribution to a prosperous and better society.

We care

As a family-owned business, we care about people. We always maintain high standards of quality, safety and integrity on our projects. We are prepared to take responsibility and we care about creating a sustainable world. Our actions are based on long-term continuity and stewardship.

We work together

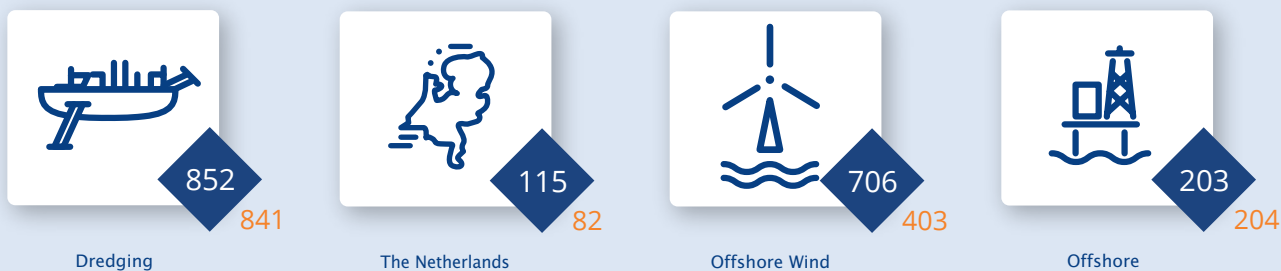
Our organisation is professional and dedicated, with a strong focus on working together in teams and with clients to achieve the best results. We are a learning company that constantly strives to improve. We believe that mutual respect is the key to trust and cooperation.

We succeed

We are competitive and we are prepared to challenge each other. We are flexible, and we adapt to new market conditions. We do this by taking responsible risks and by continuously improving our business processes so that our clients get the best value. Our aim is to ensure the long term continuity and growth of our business.

What we do

Revenue in million Euros



Our projects



Order book

In million Euros



Our people

Employees at Van Oord (in FTEs)



Male/female ratio in percentage

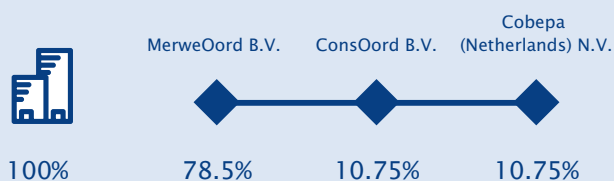


Number of nationalities employed by Van Oord



Ownership

Shareholders Van Oord N.V.



Safety

Total Recordable Injury Rate (TRIR)



Lost Time Injury Frequency Rate (LTIFR)



◆ 2018
◆ 2017



Memorable moments of 2018

Throughout the year, Van Oord marked its 150th anniversary by drawing attention to our rich past in marine engineering, highlighting our present-day challenges and looking ahead to the future. It was a year full of memorable moments.

We recalled our history as a family business and returned to our roots. In Werkendam, the cradle of the company, we christened our first LNG vessel and we offered a statue to the Werkendam village. As well as looking back, we also focused on the next generation with our first Innovation Challenge. This project aims to form new partnerships with start-ups making vital contributions to sustainability issues like carbon emissions, energy storage and digitalisation. These topics were also addressed during the Van Oord N8 event, which gave 150 children of employees and shareholders the chance to decide what the future will look like. Their ideas and perspectives are valuable. After all, in 20 years' time it will be their turn to set course for the future.

Our anniversary gave us an opportunity to do something special for our shareholders, clients, partners and employees. We also made a gesture towards the city of Rotterdam. The Waterwoud project – an observation tower located along the river Maas – will reinforce the link between the city and the water. This public project will be accessible to all, making it our gift to the people of Rotterdam.



Festive start in Werkendam

With a two-day event in April, Van Oord introduced its first LNG-powered vessel: the Werkendam.



Celebrating worldwide

Celebrations with employees all around the world: Hamburg, Madrid, Brighton, Jakarta, Rio de Janeiro, Dubai, Mumbai, Rotterdam and Manila. Each event featured local traditions, cuisine and music.



International symposium

During the Mastering the Elements symposium in November, which brought together 450 international guests, Van Oord was awarded the Royal designation.



Vox Amalia christening

Her Majesty Queen Máxima performed the christening ceremony for trailing suction hopper dredger Vox Amalia in the presence of 1,400 employees and guests.



Christening of the Bravenes

The subsea rock installation vessel Bravenes was unveiled in May in Rotterdam during a two-day event.



Generation Z predictions

During a two-day event aboard former cruise ship the ss Rotterdam, 150 young people shared their vision of the future world.



Innovation Challenge

Out of more than 100 submissions, the Portuguese start-up Abyssal won the Van Oord Innovation Challenge, a competition for start-ups and scale-ups that are eager to build a better future.



2018, a festive year with **Royal** recognition

2018 was a festive year for Van Oord. We celebrated the company's 150th anniversary. In 1868, Govert van Oord started as an independent entrepreneur trading in brushwood. Throughout the year, celebrations were held across the world for our employees and other stakeholders. During an international symposium in November in the Laurenskerk in Rotterdam, the company received the designation 'Royal'.

We saw a recovery in revenue and profit level in 2018, after two years of contraction. The increase in revenue was attributable primarily to a high level of activity in our Offshore Wind business unit. Our volume of awards was also higher than in 2017. Winning the iconic Afsluitdijk project was particularly noteworthy. This Design, Build, Finance, Maintain (DBFM) project was awarded to us in a joint venture with BAM. The Afsluitdijk and the discharge sluices will be modified according to the latest insights on rising sea levels and river drainage. We are also responsible for maintenance for 25 years.

Our strategy is based on the activities dredging, offshore wind and offshore. All our activities are cyclical to a large extent. By operating in different market segments, the company is less vulnerable to fluctuations in individual segments.

Performance

In 2018, revenue of EUR 1,876 million (2017: EUR 1,530 million) was achieved with a net profit of EUR 92 million (2017: EUR 78 million). Our order book rose to EUR 3,676 million (2017: 3,395 million). In 2018, we took on projects worth a total of EUR 2,157 million.

Once again, our financial position has been strengthened. Our equity capital is EUR 999 million (2017: 943 million) and our net debt is EUR 78 million (2017: 43 million). At year-end, our solvency ratio was 39.5% (2017: 37.3%).

Business units

In 2018, the dredging market did not recover. As a result, the capacity utilisation level of our trailing suction hopper dredgers and cutters was low. Profits were satisfactory, a number of projects were executed with good results. With the award of various medium-sized projects, the order book remained stable, but no major dredging projects were awarded.

The Netherlands business unit saw its order book grow spectacularly in 2018, thanks to two major DBFM projects: the Afsluitdijk and the A16 project. The infrastructure market in the Netherlands is characterised by strong competition and low margins. In the coming years, revenue in the Netherlands will grow as the result of the major projects mentioned.

The Offshore Wind business unit had record revenue in 2018. Four major projects commenced simultaneously: Deutsche Bucht, the Norther project in Belgium, East Anglia ONE and the Borssele III & IV project. For various reasons, the financial results were disappointing. In September 2018, MPI Offshore was acquired including two offshore installation vessels. Through this acquisition, our UK market position has been considerably strengthened and our equipment position in offshore wind has also been strengthened. We also added Operations & Maintenance activities to our service package as part of this deal.

There was still no recovery in the Offshore business unit in 2018. Since 2014, the oil & gas market has been in a recession. However, it appeared to have bottomed out in 2018. The business unit's profits are returning to a satisfactory level. In the autumn of 2018, all three flexible fallpipe vessels were active (including the new Bravenes).

Investments

Once again, an extensive investment programme was implemented in 2018. Continuous innovations in the design of our new vessels is critical to remaining competitive in all our markets. The Vox Amalia was largely completed at Santander and at the end of the year it was shipped to Rotterdam, where a festive christening ceremony took place on 14 December in the presence of Her Majesty the Queen. The ship will become operational in 2019. After the LaNaval shipyard in Bilbao went bankrupt in 2018, there has been no progress in the construction of the Vox Alexia.

During the year, extensive modification of the offshore installation vessel Aeolus was completed at Damen Shipyards. After the renovation, which includes a crane with a lifting capacity of 1,600 tonnes, the vessel is ready to install the latest generation of foundations and wind turbines. Two MPI jack-up vessels were also added to the fleet: the MPI Adventure and the MPI Resolution. In 2018, the innovative flexible fallpipe vessel Bravenes was completed and went into operation in the summer.

In May 2018, Van Oord signed a contract with Keppel in Singapore for the construction of two medium-sized trailing suction hopper dredgers with a capacity of 10,500 cubic metres. Both ships will be completed in 2021. They will replace older vessels. The first vessel will be named Vox Ariane. This will be our first series of hopper dredgers powered by LNG. We see LNG as an important transition fuel in a low-carbon world. It also emits considerably less nitrogen and sulphate. In 2018, the new crane vessel Werkendam was added to the Paans Van Oord fleet. When the ship goes into service in 2019, it will be our first operational LNG vessel.

Organisation

Due to the higher activity levels by the Offshore Wind and Netherlands business units, the number of employees grew to 4,954 in 2018 (2017: 4,454). Increasing our recruitment efforts has produced good results. We also achieved a healthy mix of campus recruitment vs. experienced hires. In the volatile markets in which we operate, flexibility in staff numbers is necessary.

In 2018, we also implemented an important organisational change. With the creation of the business units Dredging, the Netherlands, Offshore Wind and Offshore, we will operate closer to our markets and clients. Each business unit is led by its own management team and is responsible for its financial and non-financial performance. All business units are supported by shared departments in order to ensure sufficient flexibility and knowledge-sharing across the organisation.

In terms of compliance, dilemma meetings were organised in 2018 with all management teams and commercial employees at various locations throughout the world. Once again, we took major steps towards a mature compliance policy in 2018.

Safety and sustainability

Van Oord's world continues to involve major safety risks. Our safety culture is at a proactive level. More and more, we are making the transition to a full-service marine contractor. This forces us to include our subcontractors and suppliers more in our safety policy. In 2019, our Say YES to Safety programme will focus on subcontractors and suppliers.

In 2018, together with a number of managers and members of our Sustainability Advisory Board, we further developed our sustainability policy. Within this policy, we defined three main themes that will enable us to expand our business and prosper in the future: accelerating climate initiatives, enhancing the energy transition and empowering nature and communities. These themes are our licence to grow and many initiatives are being developed.

Future perspective

The volatility in our markets will not decrease in 2019. It is difficult to estimate how Brexit, trade wars and possible political developments (sanctions) will affect us. For the last few years, there has been a downturn in the maritime industry. This will not change in 2019. We expect revenue and activity levels to be in line with 2018, tender volumes will once again be high. Our corporate strategy will offer stability. Our financial position is strong; this gives us confidence in the future.

The social challenges our company faces are significant. Our purpose is to create a better world for future generations by delivering Marine ingenuity. We are in the midst of a world that is affected by climate change. We are working on a transition to a new energy system. This vision serves our organisation and gets the best out of our people and skills. It is a challenge we are happy to accept.

Rotterdam, 19 March 2019

On behalf of the Executive Board,
Pieter van Oord, CEO



! First turbine for Norther

Offshore installation vessel Aeolus installed the first turbine at the Norther offshore wind farm. In the summer of 2019, Norther will be able to provide power to nearly 400,000 households. It will become the largest offshore wind farm in Belgian waters.

Consolidating our strenghts

The Supervisory Board provides independent oversight and constructively challenges the Executive Board's performance and the company's general course of affairs, taking account of the interests of all the company's stakeholders.

Markets, strategy and projects

Both our offshore and international dredging activities are still affected by the crisis in the maritime industry. The Netherlands business unit won large contracts including reinforcement of the Afsluitdijk and the construction of the A16 motorway. Despite these successes, the dredging fleet is underutilised, particularly the large trailing suction hopper dredgers. The Offshore Wind business unit had a busy year executing large projects and winning new projects including the Kriegers Flak wind farm and the cable contract for the Borssele I & II wind farms. The Offshore business unit also had a satisfactory year, winning several projects and being appointed preferred tenderer for the Golfinho offshore project.

Overall, we have some EUR 3.7 billion of work in our order book. In 2019, the Supervisory Board will focus on ensuring we have the capacity in terms of design, engineering and project management personnel to fulfil all these projects. Furthermore we will be closely monitoring progress on the three strategic themes, the Right People, Sustainability and Vox Data.

As the Supervisory Board, we receive accurate information about Van Oord's safety and sustainability performance. In all our meetings we discuss these topics. The Supervisory Board supports the new programme that will raise the safety standards of subcontractors in 2019.

Internal organisation

In 2018, the effectiveness of the company was evaluated. This resulted in restructuring Van Oord into a business unit organisation, each with its own management team and responsibility for its (financial) performance. Offshore Wind, Offshore and the Netherlands business units already had their own management teams and in 2018, Dredging formed its management team. This change allows each business unit to focus on its individual market and clients, and increases accountability within the management team.

Supervisory Board performance

The Supervisory Board met with the Executive Board six times in 2018. Our Chair, Mr Hoek, also met with the CEO on a regular basis to discuss ongoing matters. In 2018, Supervisory Board meetings focused on the company's strategy, the Netherlands organisation, the offshore wind market and the development of the new Dredging business unit and its strategy. In 2019, we will be looking at our Offshore strategy in more depth. In addition to regular meetings in 2018, the Supervisory Board made site visits to the Zeesluis IJmuiden project and the East Anglia ONE project in Vlissingen. Both visits enabled us to see the work in progress and meet with the project teams. Mr Hoek attended a meeting of the Works Council to help keep track of topics of concern. Members of the Supervisory Board also attended several jubilee events, like the christenings of our new vessels the Vox Amalia, the Bravenes and the Werkendam.

Independence and conflicts of interest

Three of the supervisory directors, Messrs Van Oord, Van der Ven and Kretzers, represent MerweOord B.V. Mr Laurent Josi represents Cobepa Nederland N.V. Messrs Damen and Hoek were appointed in accordance with the Works Council's enhanced right of recommendation. Mr Damen is the CEO of Damen Shipyards Group. The Supervisory Board as such is committed to maintaining its independence and avoiding any possible conflict of interest. If any potential conflict of interest does arise, the Supervisory Board member concerned absents himself from the meetings and decision-making.

Audit Committee

Our Audit Committee has three members: Messrs Van der Ven, Laurent Josi and Hoek. They review the company's finance and risk management. The Audit Committee meets four times a year in the presence of the CEO and CFO. On relevant occasions, other financial and risk management officers are invited to attend meetings. Our external auditor attended three meetings in 2018.

In addition to recurring topics of discussion such as the quarterly and annual statements, the audit plan, the auditor's report, compliance and risk management, we also address specific issues at our meetings. In 2018, these included the progress of the MI-7 finance transformation programme, intended to improve our financial organisation, and the introduction of our Enterprise Risk Management Framework (ERMF). The principles of the revised Corporate Governance Code (2016) were also discussed as it provides standards of good internal governance for organisations. The revised code is based on the principle that the company is a long-term partnership of various stakeholders. Where relevant, Van Oord endorses the principles of the code. Other topics were digitalisation and increased cybersecurity risks.

Compliance

We devoted considerable attention in 2018 to compliance and the progress of the Compliance Enhancement Programme (CEP). It is important that Van Oord complies with all the relevant statutory requirements and standards. The continuation of the CEP, including communication of compliance policies and training, raises awareness amongst employees and facilitates open discussion about potential compliance issues.

Human Resources Management Committee

In 2018, the Supervisory Board set up a Human Resources Management Committee to monitor salary structures, remuneration and succession at Executive Board and Supervisory Board levels. This step reflects the Supervisory Board's desire to be more closely involved in the people side of our business.

Remuneration

With Messrs Van Oord, Kretzers and Hoek taking the lead, the Supervisory Board annually reviews the salaries and employment terms of the Executive Board members. The Audit Committee and the new Human Resources Management Committee do much of the preliminary work, which is then discussed by the full Supervisory Board. We also work with external remuneration advisors and conduct benchmarking with a peer group. In this way, we ensure a consistent, decent and competitive salary structure at the highest level of the organisation.

Review of major projects

As a marine contractor, Van Oord is in a high-risk business. As a result, a delegation of the Supervisory Board reviews major project tenders of EUR 50 million or more to ensure that the process is well structured and executed so that we avoid disproportionate risk. Our philosophy is to be critical during the tendering process and offer support when challenges occur during project execution. In 2018, we reviewed some 15 tenders including the Afsluitdijk reinforcement project, the Golfinho offshore contract and the Hollandse Kust (South) wind farm, as well as the acquisition of MPI Offshore. In 2018, the flexible fallpipe vessel Bravenes became operational and the newly renovated Aeolus continued its work on wind projects. After delays in construction, the trailing suction hopper dredger Vox Amalia was christened in December 2018. These projects made us aware of the difficult market circumstances within the shipbuilding industry. The tender process for upcoming investments will be watched closely.

Composition of the Supervisory Board

After 12 years, Mr Van den Driest retired as Chair of the Supervisory Board in 2018. We are grateful to Mr Van den Driest for everything that he has done for our organisation. Mr Hoek took over the position and the vacant seat was filled by Mr Kretzers. As a former director of Shell with responsibility for major project developments, he has now placed his expertise at our disposal.

Approval of annual financial statements

The annual financial statements have been audited by Ernst & Young Accountants LLP and the Independent auditor's report is to be found in the section Other information in this annual report. The Supervisory Board discussed the auditor's findings, co-signed the annual financial statements, and approved the Executive Board's report on 2018. We propose that the General Meeting of Shareholders approve the 2018 annual financial statements and that a dividend of EUR 40 million be paid out. Ernst & Young Accountants LLP have also issued an independent assurance report on a number of quantitative measures in relation to sustainability. That report is attached to this annual report.

Moving forward

Van Oord is a profitable company but we cannot afford to be complacent. In 2019, the Supervisory Board will be monitoring the performance of the business units in order to ensure we stay at the forefront of our industry. People are important to Van Oord, now and in the future. Van Oord's success is due to highly skilled, motivated staff who take enormous pride in their work. We want to keep it that way moving forward. In 2019, the recruitment of people from a diverse range of backgrounds and countries is one of our focal points so that Van Oord remains an attractive employer – including for the next generation.

We realise that Van Oord is the result of human effort. At the heart of the company's success are dedicated and passionate professionals who go the extra mile as a team. As the Supervisory Board, we would like to thank them for their hard work and contribution to Van Oord's success.

Rotterdam, 19 March 2019

On behalf of the Supervisory Board,
Niek Hoek, Chair



Technical traineeship as a turbulent start

Every year graduates embark on our one-year traineeship programme. Group 26 share their motivations for becoming part of Van Oord.

Sammy Moore:

'My motivation to work for Van Oord comes from wanting to be part of the energy transition away from fossil fuels to more sustainable forms of energy. As I see it, this is the future and I want to be part of it.'

René Kersten:

'Its international character, the combination between engineering and working in the field and the different market segments including renewable energy are my motivation to work at Van Oord. Moreover, the people here have made me feel like part of the team since day one.'

Elly Diamantidou:

'My biggest motivation is that we can create something that will enhance the life of the people, on an international scale. It is also appealing to work at a company that takes care of its employees.'





Dredging

852

841



The Netherlands

115

82



Offshore Wind

706

403



Offshore

203

204

◆ 2018

◆ 2017

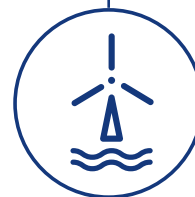
Stories from the field
Creating access
to Canadian oil reserves
p.33



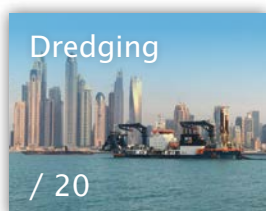
Stories from the field
Afsluitdijk: 32 kilometres
of innovation
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Stories from the field
Behind the scenes
of the Norther project
p.30



1 The World of Van Oord



Dredging

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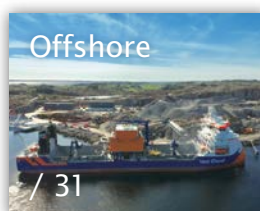
The Netherlands

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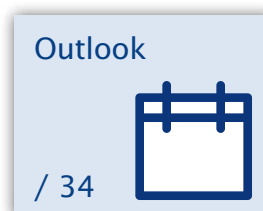
Offshore Wind

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Offshore

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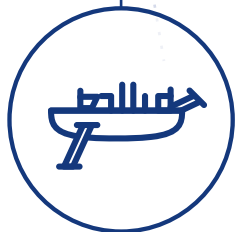


Outlook

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Stories from the field
Award for smart safety solution
p.67



Stories from the field
High-level project
management
p.23

Locations

Europe

Azerbaijan - Baku
Belgium - Sint-Niklaas
Cyprus - Nicosia
Denmark - Copenhagen
Finland - Kokkola
France - Villepinte
Germany - Hamburg
Gibraltar
Ireland - Dublin
Italy - Amelia
Kazakhstan - Aktau
Lithuania - Klaipeda
Netherlands - Gorinchem
Netherlands - Rotterdam
Netherlands - Bolsward
Norway - Oslo
Poland - Warsaw
Portugal - Lisbon
Russia - St. Petersburg
Spain - Madrid
Turkey - Istanbul
United Kingdom - Small Dole
United Kingdom - Stokesley

America

Brazil - Rio de Janeiro
Canada - Calgary
Colombia - Bogota
Curacao - Willemstad
Mexico - Mexico City
Panama - Panama
United States - Houston

Africa

Angola - Luanda
Mozambique - Maputo
Nigeria - Ikeja-Lagos

Middle East & West Asia

Bahrain - Manama
India - Mumbai
Qatar - Doha
United Arab Emirates - Dubai

Asia & Australia

Australia - Brisbane
China - Shanghai
Hong Kong
Indonesia - Jakarta
Korea - Busan
Malaysia - Kuala Lumpur
Philippines - Manila
Singapore
Taiwan - Keelung City
Thailand - Bangkok
Vietnam - Hanoi

Dredging

The world population is growing and cities and ports are expanding towards water. Van Oord supports this expansion by creating new land that can be used for a variety of purposes: as ports, industrial estates, nature reserves or housing developments. We are also involved in numerous maritime infrastructure projects to improve maritime transport facilities for a growing economy. Climate change and rising sea levels are shifting our dredging activities towards developing flood defence and coastal protection programmes. Our capabilities include beach nourishment, dyke reinforcement and breakwater construction.

In 2018, the dredging market was still characterised by overcapacity and decreasing investments. In addition, marine transport volumes fell a.o. due to increased tension between the US and China, affecting port development.

Tenders and new projects

In 2018, the tender volume was lower compared to 2017. Also, awards and actual starts of projects were delayed. Despite these challenging market conditions, we won a number of medium-sized projects in 2018. Van Oord was awarded the contract for the modernisation of the Świnoujście to Szczecin fairway in Poland, which covers the deepening and widening of this fairway along a 62-kilometre section. We carried out dredging work in the port of Benoa, on the Indonesian island of Bali, a popular tourist destination. By deepening the existing access channel and port basin, maritime access to the port will be improved, which will benefit both the local economy and the tourism sector in Bali. In this way, the project will help the client fulfil its ambition to support business expansion by improving infrastructure in the region. Furthermore, we won a five-year maintenance dredging contract at Brazil's Port of

Itajai, a contract to deepen and widen the access channel to the port of Nouadhibou in Mauritania and a contract for dredging and reclamation works for the port of Anaklia in Georgia.

Prestigious project in Dubai

In 2018, we started executing the Dubai Harbour project. This prestigious property development project will include a luxury high-rise hotel, a cruise liner terminal, a shopping mall and residences. The contract involves dredging the 12-kilometre navigation channel, reclaiming land, building a quay wall and executing vibro compaction. Our large cutter suction dredger Athena is one of the vessels deployed for this. After helping to build the iconic Palm Jumeirah, Van Oord will be contributing to yet another Dubai landmark.

Santos maintenance work

Van Oord has been active in Brazil for 40 years and has completed several dredging and marine engineering projects along the Brazilian coast. Maintenance work has been carried out in the port of Santos, the biggest seaport in South America. It handles the transshipment of a third of all Brazilian exports. Since April, Van Oord has been dredging the access channel to the port down to 15 metres over a distance of 25 kilometres. Trailing suction hopper dredgers Utrecht and Volvox Atalanta, backhoe Simson and split hopper barges Jan Blanken and Jan Leeghwater are the powerhouses behind this project.

Anaklia Deep Sea Port in Georgia

In June 2018, Anaklia Development Consortium (ADC) awarded the dredging and reclamation works for the Phase 1 Anaklia Deep Sea Port project to Van Oord. Self-propelled cutter suction dredger Athena dredged a total of 5 million cubic metres of sand and created 70 hectares of new land. Van Oord's subsidiary Wicks installed 3 million metres of prefabricated vertical drain as part of the soil improvement works to speed up settlement. Anaklia Port is expected to become one of the largest ports in the Black Sea region with a handling capacity of up to 10,000 TEU vessels.

One dredging business unit

An organisational change in 2018 was the creation of a single business unit for all our international dredging activities with one management team. We will focus on maximising our performance and bottom-line result. It will also be easier to share knowledge and learn from each other's experience.



*Volvox Atalanta, Simson and Jan Leeghwater
dredging in the port of Santos, Brazil.*

New vessels in the dredging fleet

Trailing suction hopper dredger Vox Amalia was launched in 2018. In the competitive dredging market, we need the best equipment and Vox Amalia is equipped with the latest technologies. We also ordered two LNG-powered trailing suction hopper dredgers with a hopper capacity of 10,500 cubic metres each. Both vessels include features that will considerably reduce fuel consumption and carbon emissions. These new additions will keep our fleet fit for the future.

Subsidiaries

We have three subsidiaries within Dredging: Wicks, Mackley and Dravo S.A.

Wicks specialises in soil improvement technologies. Its core activities are vertical drainage, horizontal deep drainage and soil compaction. The company operates in Northwest Europe, and outside Europe in areas like the emerging Asian markets. Like the rest of Van Oord, Wicks prioritises innovation and is constantly seeking ways to upgrade its equipment and improve its techniques.

Marine engineering specialist J.T. Mackley & Co. Ltd is a subsidiary of Van Oord UK. The firm plays an important role in our joint venture activities for the UK Environment Agency and local authorities. As part of Team Van Oord, a joint venture between Van Oord, Kier, Mackley and Royal HaskoningDHV, the company is working on a variety of projects. For example the flood defence works at Shoreham Adur Tidal Wall Scheme on the English south coast.

Dravo S.A. has been part of Van Oord since 1987 and has a solid position in the southern European market for marine dredging. It can be spotted all along the Spanish coast assisting the flourishing tourism industry by carrying out beach replenishment. It also works on coastal defences and performs maintenance dredging in rivers and ports.

Ready for the future

We expect 2019 to be similar to 2018, with a slight increase in revenue. In the longer term, revenue and activity level will increase when projects like the Fehmarnbelt in Denmark, the land reclamation project in Angola and Pluit City in Indonesia go into execution. In the meantime, with our integrated business unit and a competitive new fleet, we will have the organisation and equipment ready to face the challenges in our market.

Stories from the field

High-level project management

The Dubai Harbour project is the next step in achieving 'Dubai Tourism Vision 2020', Dubai's strategy to attract 20 million visitors per year by 2020. The project will contribute to this by allowing enormous passenger liners to dock at the new cruise terminal.

Project operations usually proceed in a particular order. This project is different. Van Oord's work comprises dredging the 12-kilometre-long navigation channel, building quay walls, constructing a deck on piles, installing rock and executing vibro compaction. Dredging represents 25% of the total operations, which is completely different to previous projects in Dubai and yet we are the main contractor. The complexity lies in the fact that various subprojects, like land reclamation, quay walls and vibro compaction, are being executed by subcontractors. In terms of planning, these activities overlap one another and are dependent on each other. With 700 people working here, we are conducting project management at the highest level.

More efficient dredging

Dubai has certain requirements when it comes to the colour and size of the sand. As a result, trailing suction hopper dredger Rotterdam has been fitted with a special sieve above the hopper. This allows the vessel to directly deposit beach sand. Normally after sand has been deposited, a special cleaner collects shells and chunks of sand from the beach, but this is no longer necessary. Although the total dredging cycle is longer, removing the need for special sand treatment and deployment of the beach cleaner makes the entire operation more efficient.

A range of equipment was deployed on this project. Trailing suction hopper dredger Rotterdam, cutter suction dredgers Athena and Ural River, and backhoe dredger Hippopotoes, all made contributions.

“ Michiel Athmer, Engineering Manager:

'We take the local area into account during project execution, because the project site is located next to the city centre and adjacent to hotels.'



The Netherlands

The impact of climate change means that a growing number of people around the world are now living in flood-risk areas. Serious water-related disasters are becoming more frequent, making prevention vital. As a company with deep roots in the Netherlands, Van Oord is well aware of the threats. We also know that they call for smart, innovative solutions to help us defend our coasts, reinforce our dykes and keep our waterways navigable and our ports accessible.

Tenders and new projects

Under difficult market conditions, the Netherlands business unit enjoyed a successful year in 2018. Van Oord won two high-profile projects: the reinforcement of the Afsluitdijk and the construction of the A16 motorway. Against tough competition, we won other smaller contracts in the traditional dredging market including beach replenishment of the Wadden Islands. We were also awarded the contract for dredging an extra channel near the Marker Wadden. Our order book is solid.

Iconic project

The reinforcement of the Afsluitdijk is an iconic project and helps underline Van Oord's status as a major player in the Netherlands. Sustainability was a key requirement in the project tender. In response, our project design adopted a 'discharge if possible, pump if necessary' approach that emphasises natural water discharge instead of pumping. Since the project also has to be carbon neutral, lower energy consumption of pumps means we will have to perform less environmental compensation work.

Innovative technology

The construction of the new A16 motorway is a highly visible project that will be executed on Van Oord's home ground in Rotterdam. By relieving traffic congestion on the A13 and A20, the motorway will not only improve access to the city, it will also improve the quality of life in the region. We will be using state-of-the-art technology to execute this project, including a digital twin. It is a virtual representation of the motorway construction processes so we can anticipate any issues before they actually arise. This is one of the innovative concepts that helped us win the contract. It is also part of a wider development we are seeing in the industry where advanced technology is increasingly required to handle project volume and challenges.

Reinforcing shorelines

The Marker Wadden project involves dredging an additional channel of 900 metres to the south of the islands. This will create more space for the underwater capture of silt and help restore the environmental and water quality of the Markermeer. The dredged clayey material will be used to fill in two compartments while some of the sand dredged will be used to reinforce the southern edge of the first island, creating a natural shoreline that will improve the island's ecology and robustness.

Other projects

In 2018, we were also selected to construct three intake pipes between the water storage area and the pumping station in the Biesbosch National Park. This is a multidisciplinary project and our ingenious execution methods helped us win the project. In conjunction with the Fryslân nearshore wind farm, we were contracted to construct the nature park for the project, building on the success of our Offshore wind business unit. In 2018, we continued the execution of dyke improvement in Den Oever and reinforcement of the Houtribdijk between Enkhuizen and Lelystad. Other ongoing projects include dredging works for the sea lock in IJmuiden, maintenance dredging of the access channel to IJmuiden and Rotterdam, and beach replenishment in the province of Zeeland and the Wadden Islands.

Subsidiaries

The Netherlands business unit has two subsidiaries: Paans Van Oord and Van Oord Grondstoffen.

Paans Van Oord specialises in inland dredging, coastal and survey work, and implements projects using a diverse fleet of crane ships and crane pontoons. In 2018, the new crane vessel *Werkendam* was christened. It is the first LNG-powered vessel in the Van Oord fleet and will be deployed in Paans Van Oord projects in the Netherlands.

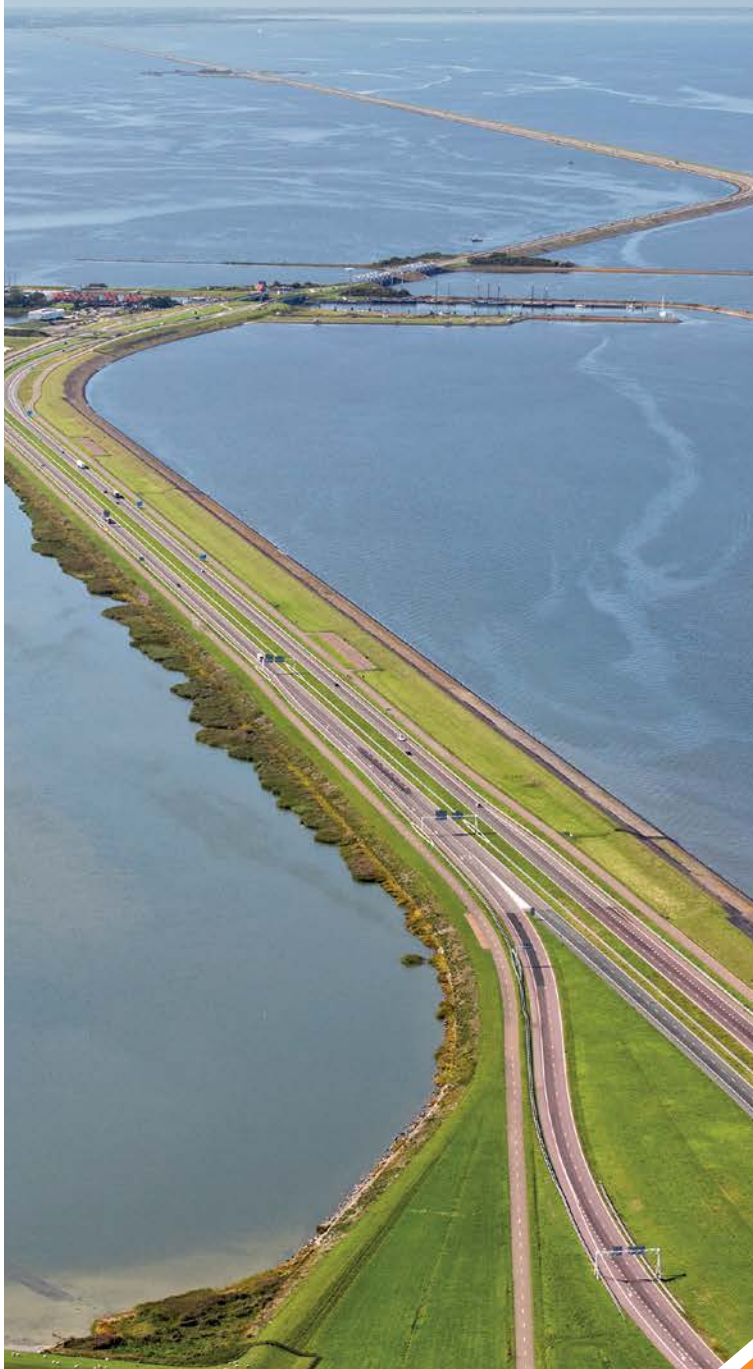
Van Oord Grondstoffen is active in the field of ground, road and waterway construction. It will market the sand dredged from the Marker Wadden project.

Scaling up

All our ongoing tenders and projects put a lot of pressure on the organisation in 2018. To handle this volume of operations, we need to further scale up the business unit in 2019. With a high level of activity in the market, there is keen competition for skilled staff, but with contracts like the Afsluitdijk and the A16 we have prestigious projects that will help attract even more talent.

Stories from the field

Afsluitdijk: 32 kilometres of innovation



The Afsluitdijk in the Netherlands is an iconic structure with a long history. In the next few years, several innovative features will be added. With these measures, the energy-neutral Afsluitdijk will ensure increased traffic safety and continue to resist the power of the water until at least 2050. In this section, we are highlighting two innovations.

Dyke reinforcement using Levvel-blocs

On the Wadden Sea side, the dyke will be raised and reinforced by means of a new revetment. We will be using Levvel-blocs on most of the lower slope. Levvel-blocs, an application of the innovative XblocPlus, are concrete armour units developed especially for the Afsluitdijk. The blocks weigh approximately 6,500 kilogrammes each, have a wave-retarding effect, are easy to place and do not require divers during installation. At least 100 blocks a day will be produced in Harlingen using a fully automated process, and transported over water to the dyke. Compared to alternative revetment, 35% less concrete is used in the production of the Levvel-blocs, which amounts to approximately 200,000 cubic metres of concrete. It also reduces carbon emissions by 40,000 tonnes. A reduction of no less than 56%.

New discharge sluices and pumps

The sluice complex at Den Oever will be extended to include new discharge sluices in the intermediate islands. This will allow more water entering the IJsselmeer lake via the IJssel river to be drained into the Wadden Sea. However, if water levels are high in the Wadden Sea, discharge is impossible. For this reason, two large pumping stations are being constructed in Den Oever. The pumps will operate with very low energy consumption and are fish-friendly. All energy, including that used by the pumps, will be compensated for by 2.7 hectares of solar panels near Den Oever, resulting in an energy-neutral dyke.



“ Carlos Mollet, Project Director Levvel:

‘The Levvel consortium increases the capacity to discharge water with as little energy consumption as possible: discharging when possible, pumping when necessary. Our client provided space for solar energy to compensate for the energy consumption. As a result of our solution, we only have to use 10% of this space.’



Offshore Wind

Energy drives our world, but as the 2015 Paris World Climate Conference revealed, we also need to take care of our planet. Mission impossible? We don't think so. We believe the answer lies in generating more sustainable energy. There is an immense amount of space and wind at sea – and that is where Van Oord can contribute. With our knowledge and expertise, we aim to accelerate the transition to sustainable energy by kick-starting, developing and building offshore wind energy projects.

A stable global market

With the growing need for renewable energy, offshore wind is becoming a global activity. In Northwest Europe, the market remains stable and reliable, with new projects of 3 to 4 GW per year. The UK, the Netherlands and Germany are the biggest markets, while Poland and France are relative newcomers. Beyond Europe, test projects have started in Asia, indicating a promising market.

Tenders and new projects

All these developments represent new opportunities and risks for Van Oord. In established markets like the Netherlands and Germany, zero-subsidy developments require competitive price levels. In new markets like Asia and the US, we need local partners and equipment in order to win and execute projects. Despite these challenges, we are well positioned to contribute to these markets in the coming years.

2018 was a busy year for our Offshore Wind business unit, which won several new contracts. We were excited to win

the tender for the Borssele V innovation wind farm in the Netherlands. As part of the project, we will implement several innovations including Slip Joint technology. Developed in collaboration with Van Oord, this technology is maintenance-free and reduces installation time, resulting in potential major cost savings. By investing in the development of innovative technologies, we are strengthening our leading position in the offshore wind market.

In August 2018, together with Siemens Gamesa, we were selected to construct the Fryslân nearshore wind farm. Van Oord will be responsible for the Balance of Plant work, including the design, fabrication, and installation of the foundations and cables for the wind farm. We will supply the equipment for installing the turbines. The contract also includes construction of a nature conservation island next to the Afsluitdijk. Soil from the IJsselmeer lake will be used to create 2 hectares of new land and 25 hectares of sheltered shallow water. The island will be used during the construction phase and will then be transformed into a nature reserve designed to attract fish and birds.

In partnership with Hellenic Cables, Van Oord won the contract to supply and install cables for the Hollandse Kust (South) wind farm zone 22 kilometres off the coast of the Dutch province of Zuid-Holland. The assignment, awarded by Tennet, includes manufacturing and laying a 66 kV marine cable between the wind farm's Alpha and Beta platforms. The Hollandse Kust (South) Alpha grid connection must be ready by 2021, and the Beta grid in 2022. With a joint capacity of 700 MW, the grid connection will transmit offshore wind energy to electricity users in the Netherlands.

Van Oord was contracted to transport and install 72 monopile foundations at the Kriegers Flak offshore wind site in the Danish Baltic Sea. With a production capacity of just over 600 MW, Kriegers Flak will be Denmark's largest offshore wind farm when it becomes fully operational in 2021.

Projects in progress

As well as tendering and preparing projects, we executed four major offshore wind farm projects in 2018: East Anglia ONE in the UK, Deutsche Bucht in Germany, Norther in Belgium and Borssele III & IV in the Netherlands. The East Anglia ONE, Deutsche Bucht and Norther offshore wind farms combined represent a huge step forward in the energy transition. Together they will supply some 1.6 million homes with sustainable energy.

Van Oord also successfully completed the cable installation work for the Borkum Riffgrund 2 offshore wind farm in the German North Sea. Cable-laying vessel Nexus was deployed for this two-year project.

An innovative industry

In 2018, we also invested in new technologies in our offshore wind activities. One of these was the Mono Bucket foundation which is being piloted at the Deutsche Bucht offshore wind farm. This new type of foundation structure consists of a single steel cylinder, known as a 'suction bucket', upon which a shaft is mounted. A transition piece and an 8.4 MW wind turbine are installed on the shaft. The suction bucket structure becomes firmly embedded in the sea floor by its own weight and vacuum pressure. This eliminates the need for pile driving and consequently, noise mitigation measures like big bubble curtains. The new structure benefits the environment because it causes less disruption to local porpoise populations and can be completely decommissioned at the end of its lifetime.

FaunaGuard upgrade

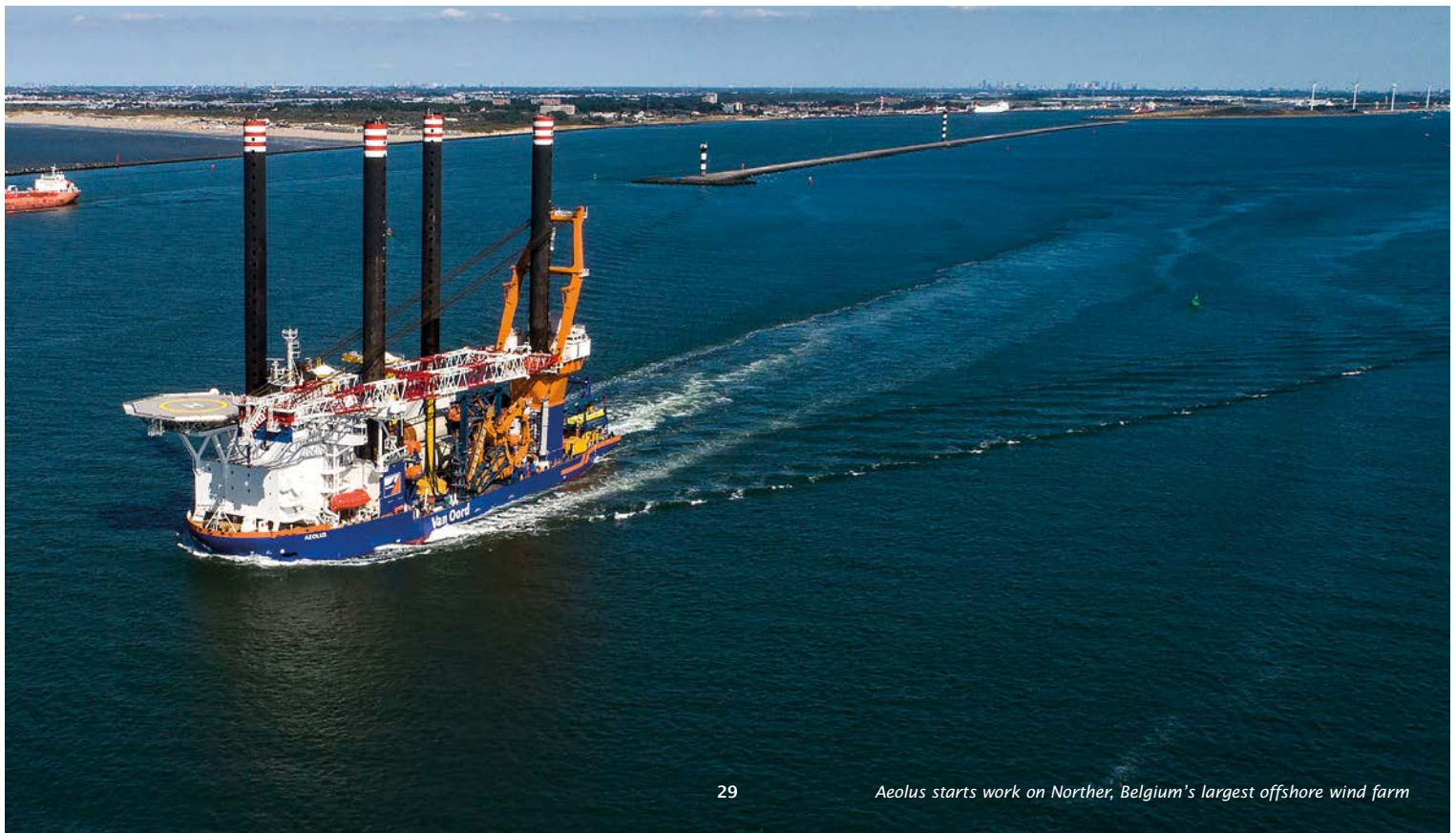
Van Oord formed a strategic partnership with Ace Aquatec to make the FaunaGuard available to all marine contractors and other interested parties. The FaunaGuard is an innovative acoustic device that uses specialised underwater acoustics to safely and temporarily deter marine fauna species from offshore activities. The porpoise module is the first FaunaGuard module to be made commercially available. Ace Aquatec and Van Oord will continue to collaborate on the development of further species-specific modules. This is the next step in making sustainable solutions available to the rest of the world.

Vessel modifications and additions

In 2018, the offshore installation vessel Aeolus underwent a major renovation. The modifications, which included a crane with a lifting capacity of 1,600 tonnes, make the Aeolus one of the biggest heavy-lift cranes in its class and ready to handle the latest generation of foundations and wind turbines. With the acquisition of MPI Offshore in Stokesley in the UK, we added two installation vessels, the MPI Adventure and the MPI Resolution, to our fleet. Some 100 people, both office staff and crew, also joined the Van Oord organisation.

New markets

With all our ongoing and new projects, 2019 will be another busy year. We aim to expand outside Europe through our involvement in offshore wind projects in Asia. Establishing a new supply chain and successfully operating in a new offshore wind market is challenging. Within European waters we are looking forward to exploring the French and Italian markets.



Stories from the field

Behind the scenes of the Norther project

At the beginning of 2019, installation vessel Aeolus started installing the first batch of 8.4 MW wind turbines at the Norther offshore wind farm site some 23 kilometres off the coast of Zeebrugge. As main contractor, we have invested a lot of time in the preparation phase to get everything ready for a smooth offshore operation.

We had our first project milestone in August 2018, when the renewed and improved offshore installation vessel Aeolus installed the first foundation. It was exciting installing the first foundations after the vessel's upgrade. How would the Aeolus respond to being jacked up? And how would the new deck equipment perform? The Aeolus performed to the full satisfaction of both the project team and the client.

On to the next phase

In the meantime, the project team responsible for designing the foundations was already in full swing. This preparation phase is critical. We have to think everything through in advance to avoid improvising later on the spot. During the fabrication phase we used a test set-up of a transition piece at a yard in Hoboken, near Antwerp.

Smart designs

Our design decisions are based on quality, but we are also trying to cut costs. Our approach to corrosion protection is a good example: should we apply a coating or use smart protection involving electricity? We have put a lot of ingenuity into our monopiles. The variable soil conditions require us to work with monopiles with four different diameters. Each and every pile is designed separately. This has had an impact on the amount of steel needed, which in turn influences the cost price.



“ Henk-Jan van Dijk, Deputy Project Manager:

‘It was nerve-racking installing the first foundations after the vessel's upgrade. How would the Aeolus respond to being jacked up?’

Offshore

The growth of the world economy and population is driving up the global demand for energy. Both renewable and fossil energy will be needed in the coming decade to meeting this demand. The offshore infrastructure required to transport fuels is subject to constant expansion and improvement. Van Oord provides and protects this infrastructure at many different locations around the world, while developing safe solutions. We are specialised in subsea rock installation (SRI) and offshore pipeline installation (OPI).

A challenging market

The price of oil recovered considerably in 2018, but there was a dip in the last two months of the year, indicating continued volatility. Moving forward, we will focus on further improving our agility. Our clients need efficiency, reliability and a great deal of cost discipline. We have managed to achieve steep price reductions in our sector and have transferred these to our clients.

Tenders and new awards

After working for five years on the tender for the Golfhino project in Mozambique, Van Oord and consortium partner Technip were selected as preferred tenderer by Anadarko. This is a great milestone for the company. The contract includes pipe laying in shallow water, pulling, dredging and backfilling. We were also awarded the contract to carry out offshore installation works for the West White Rose Project off the east coast of Newfoundland in Canada. Our flexible fallpipe vessels Nordnes and Stornes will be deployed to carry out seabed preparation, ballasting activities, flowline protection, and scour protection.

Innovative new vessel

In 2018, we launched our new flexible fallpipe vessel *Bravenes*. It is an excellent vessel packed with innovations, all of them developed in-house. Clients are impressed when they hear about its capabilities, making it a valuable addition to our fleet. Another flexible fallpipe vessel achieved a major milestone in 2018. Since it came into service 13 years ago, the *Nordnes* has installed 15 million tonnes of rock. The *Nordnes* is an outstanding ship with a dedicated crew and a high capacity utilisation rate. Together the *Stornes*, the *Bravenes* and the *Nordnes* form a superb fleet of flexible fallpipe vessels.

Delivering in a complex environment

As well as winning contracts, we executed several new projects in 2018. These included the Nord Stream 2 project which involves subsea rock installation and the pipeline landfall near Vyborg in Russia. The Russian landfall entails laying the pipeline across a delicate dune and forest area. After consulting NGOs and stakeholders, Van Oord and its joint venture partner found an innovative way to cross the area with a minimal footprint. Another trenching project was also noteworthy. It was critical that everything went according to plan at the remote location in the Persian Gulf. In close cooperation with the client, a small and dedicated team of professionals achieved all the project goals on time and within budget. The project demonstrated that Van Oord can deliver under challenging circumstances.

Combining assets and knowledge

In 2018, Van Oord dredged the nearshore trenches for the 700-kilometre Sur de Texas-Tuxpan pipeline project in the northern Gulf of Mexico. The scope of work included dredging the trenches along a distance of approximately 150 kilometres, in water ranging from 5 to 61 metres deep. Trailing suction hopper dredgers *Utrecht* and *Dravo Costa Dorada* were specifically chosen for the project. The *Utrecht* is equipped with a dynamic tracking system making it particularly suitable for water deeper than 10 metres. The *Dravo Costa Dorada* is a compact vessel ideal for dredging in shallow waters less than 10 metres deep.

Future perspective

The projects we executed in 2018 were contracted under difficult market conditions. We are confident the market will start to recover from 2019 onwards. The number of Final Investment Decisions is increasing. There is a lot of promise on the horizon with the announcement of a number of new projects, particularly in Africa and the Middle East. However, these projects are taking time to come to the market, and it will be a challenge to win these contracts under better terms and conditions.

We have a knowledgeable and dedicated team with a lot of innovative ambition. However, given the volatility in oil prices and client investment, we will approach our growth ambitions prudently. We have all the characteristics to benefit from the recovery of the market. Oil and particularly gas will still be crucial to meet the world's energy demands for the next decade. As a specialist in creating safe offshore infrastructure, Van Oord will be part of the transition to a renewable energy system.

Stories from the field

Creating access to Canadian oil reserves

Operator Husky Energy is developing the West White Rose oil field by installing a fixed oil drilling platform, consisting of a Concrete Gravity Structure (CGS) supporting a topside. Ballasting of a CGS is a special operation. Before positioning this enormous offshore structure, Van Oord will use an innovative method to install the seabed preparation layer.

The process of installing the seabed preparation layer is based on a smart new way of subsea rock installation developed in-house by some of our ingenious people. Instead of installing rock while the vessel simultaneously tracks at a constant speed, the rock will now be installed while the vessel and fallpipe are held in one position.

Solid ballasting

To enable the tow-out of the CGS to the project location, flexible fallpipe vessels Nordnes and Stornes will offload ballasting material directly into the structures' compartments to increase stability. The two vessels will work simultaneously to offload the rock into the compartments. This logistic puzzle will be performed after the CGS is in place. After that, flowline and scour protection will be installed.

“ Maurits den Broeder, Managing Director Offshore:

‘Alongside efforts to transition to renewable energy sources, projects like West White Rose are essential in meeting the rising global demand that results from a growing world economy and population. We look forward to continuing our relationship with Husky Energy and I am confident that with Marine ingenuity we can make our contribution to a successful project.’



2018 was a special year for Van Oord. We celebrated our 150th anniversary and we marked this milestone with various events throughout the year. Highlights included our international symposium, the christening of the Vox Amalia and local celebrations held around the world. Van Oord was also given the right to use the Royal designation. It crowns 150 years of entrepreneurship, spirit and perseverance.

Looking at our activities, we still see challenging conditions in the dredging market. In the short term we still face headwinds, but we can also see growth and new opportunities in the mid to longer term. By focusing on knowledge development required for complex projects, we stand out in the market.

Furthermore, we see growth opportunities in the offshore wind market. With our knowledge and expertise, we aim to accelerate the transition to a sustainable energy system. Climate targets and increased ambitions are leading to rapid developments in offshore wind, also in countries outside Europe. We aim to expand outside Europe through our involvement in offshore wind projects in Asia. With all our ongoing and new projects, 2019 will be another busy year.

Within the offshore oil & gas market we see the first signs of recovery. Due to the growth of both the global population and energy consumption per consumer, the demand for energy is increasing. Countries and oil companies are expected to increase investments in their gas and oil capacity. The number of Final Investment Decisions is increasing and there are promising projects on the horizon, particularly in Africa and the Middle East.

The world is changing faster than ever and our whole organisation has to be structured more flexibly so that it can respond rapidly to new circumstances and opportunities. We can only operate successfully in our changing market if we have the best people, innovative power and flexibility. That's why we focus on three strategic themes to make the difference: the Right People, Sustainability and Vox Data.

Our employees make Van Oord the company that it is. We are delighted that we were able to welcome new talent in 2018. As the employment market tightens, this will continue to be a challenge as we move forward. We have a great number of knowledgeable and dedicated project teams with innovative ambitions.

The organisation is agile and our financial position is strong. This gives us confidence in meeting upcoming challenges.

2 Strategy and value creation

Markets and relevant trends

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Business model and value creation

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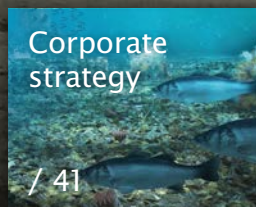
Stakeholders and materiality matrix

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Corporate strategy

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Markets and relevant trends

Van Oord's business units operate in various markets, each with its own dynamics. These markets are cyclical, and the advantage is that we can often compensate for a downturn in one segment with a positive trend in another market. Currently, both our offshore and international dredging activities are still affected by the crisis in the maritime industry. This is offset by positive developments in the offshore wind sector and our activities in the Netherlands where we are benefiting from new opportunities.

The current dredging market remains challenging and faces overcapacity, whilst governments increasingly award projects to local contractors in order to stimulate their own economies. As a result, margins remain under pressure. Where financially justified, we participate as a subcontractor or form a partnership. Macro-indicators, including world population, predict a growing dredging market in the mid to longer term. We will use our knowledge and expertise to win more large-sized complex tenders. Dredging activities represent 50% of our total business.

The energy transition offers new opportunities for our Offshore Wind business unit. In Northwest Europe, the market is still promising, with new projects of 3 to 4 GW per year. We also see new developments in Asia and North America. In 2018, offshore wind's share of our total turnover grew to almost 40%. We are involved in the construction of offshore wind farms throughout Europe. For example, in 2018, along with Siemens Gamesa, we were selected to build the Fryslân nearshore wind farm. The offshore wind market is also growing in other parts of the world, like Asia, offering further opportunities.

The offshore oil & gas market is expected to recover, but this will probably start to happen from 2020 onwards. Due to the growth of both the global population and energy consumption, the demand for energy is increasing. Analysts agree that too little oil and gas is currently being explored to meet this demand. Therefore, we think a mix of renewable and fossil energy sources is needed to fulfil the demand. Oil companies are expected to increase investments. Although it is unlikely we will see this development in 2019, the demand for gas could increase substantially thereafter. Some market analysts estimate growth figures as high as 40%. Whether this actually happens is partly dependent on the development and supply of sustainable energy sources and the speed with which they become financially viable.

Societal trends

We are part of a world that is being affected by climate change, that is making the transition to a sustainable energy system, and that is home to a society that expects more of us all the time. As Van Oord, we recognise our dependence on natural ecosystems, our responsibilities to our communities and the changing expectations of our clients. Our purpose is to create a better world for future generations by delivering Marine ingenuity. That is by no means an easy task, but we welcome these challenges and are capable of meeting them.

Marine ingenuity sets Van Oord apart. We want to act as a thought leader, accelerate climate initiatives, enhance the energy transition and empower nature and communities. Thanks to the ingenious minds of our employees, we have developed some smart solutions. FaunaGuard, for example, minimises the potential impact of our marine construction and offshore installation works on dolphins, seals and porpoises. Another example is our effort to test a new method of large-scale coral rehabilitation at the Great Barrier Reef in Australia. Sustainability, innovation and partnering are the key to successfully facing worldwide challenges.

Technology

Various technological developments enable the market and societal trends described above. For example, the technology for operating equipment is advancing. The development of more energy-efficient vessels and alternative fuels such as LNG and biodiesel are particularly illustrative. With our efforts to restore coral reefs, biotechnology has become part of our activities. Digitalisation supports faster data processing leading to increased operational efficiency and more effective impact mitigation. Creating new partnerships, pursuing innovation and sharing knowledge are essential for introducing such new technologies. Partnerships with start-ups provide us with new insights on upcoming technologies and innovations. This knowledge-sharing mindset is shown by our participation in the PortXL start-up accelerator programme and the Van Oord Innovation Challenge.



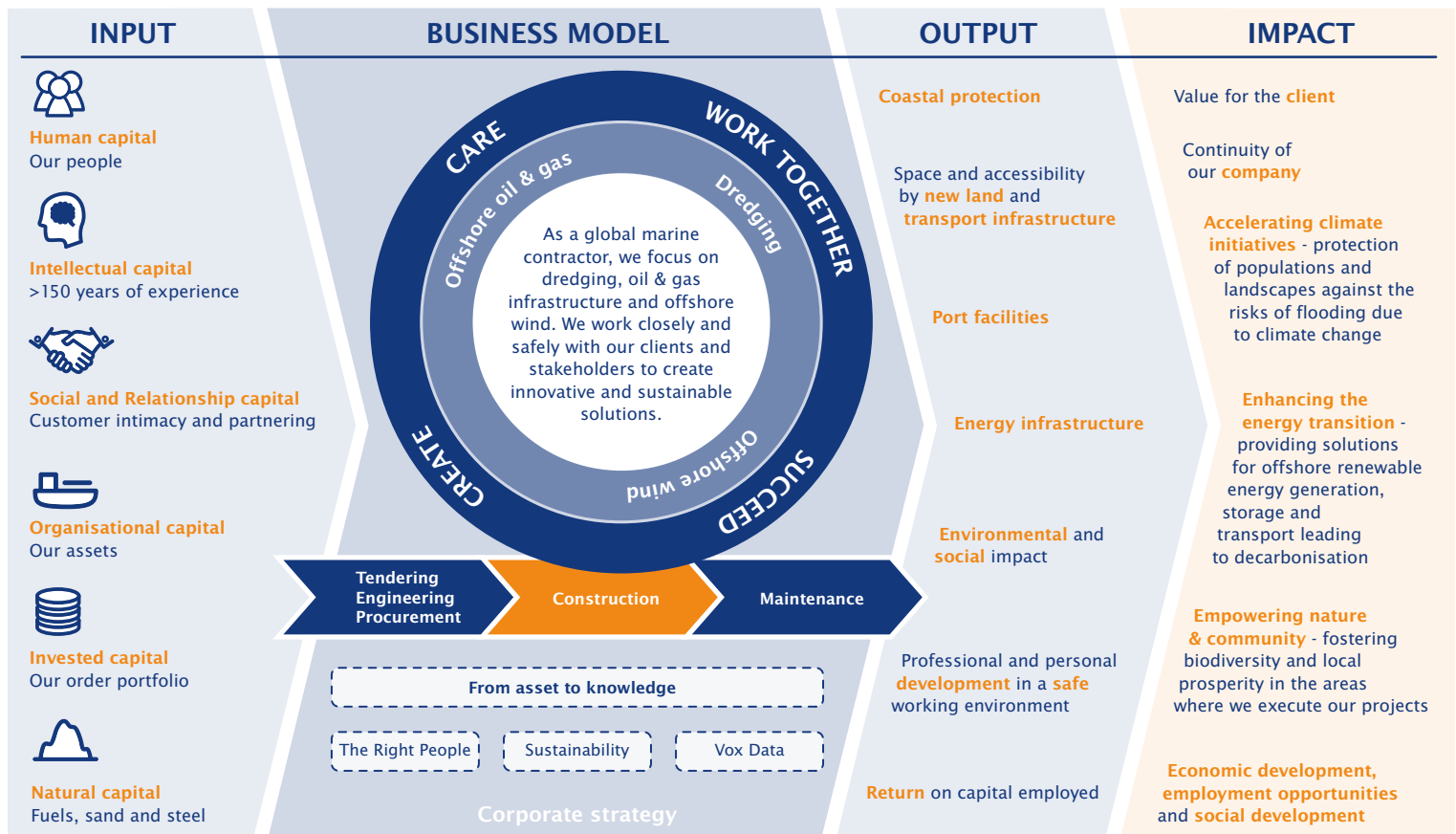
Business model and value creation

By executing projects, Van Oord creates value for its clients at all stages of the value chain by engineering, constructing and maintaining marine infrastructure. We invest in our people, equipment and research and development. We cooperate with suppliers and subcontractors, and contribute to the economic and social development of the regions in which our projects are executed.

Major input for Van Oord is its human capital, our people. As an employer, we provide job opportunities and professional and personal development in a safe working environment. To ensure that our organisation remains agile, we look critically at what we do and how we do it. The internal Value Creation programme challenges our employees by raising awareness of continuous improvement. We offer employees lean planning workshops and simulation

games, especially those working in highly dynamic environments. Developed in-house, these training courses focus on optimising team work and performance. Over 500 employees have been trained in lean management so far.

Our projects have an impact on accelerating climate initiatives, enhancing the energy transition and empowering nature and communities. At the same time, we work on preventing and mitigating our negative impact. We strengthen our business model by following one strategy: from an asset-based to a knowledge-driven company, using three focus points: the Right People, Sustainability and Vox Data.





Stakeholders and materiality matrix

We conduct stakeholder interviews every two years to prioritise the relevant themes with the highest impact on the economy, society and the environment. The findings of our latest assessment are discussed below.

In 2018, we validated the latest developments in our sustainability programme by conducting 36 stakeholder interviews. The three main questions we asked our stakeholders were:

1. Overall, does Van Oord's sustainability programme meet your expectations?
2. What is the relevance and impact of selected sustainability topics?
3. On which of the 17 UN Sustainable Development Goals should Van Oord focus its efforts?

Our sustainability programme

Regarding the first question, we concluded that the priorities we have chosen do meet the expectations of the majority of our stakeholders. Both internal and external stakeholders state that we are innovative and aware of the sustainability issues that are most relevant for our business and society. Stakeholders are positive about the degree of responsibility within projects and the attention to the environment and local communities. Multiple stakeholders suggest however that Van Oord could stand out more from other contractors through, for instance, early contractor involvement. Furthermore, Van Oord could distinguish itself by communicating concrete examples of its sustainability efforts such as flagship projects and sustainable innovations, as well as the dilemmas involved in putting sustainability into practice. Doing this would help integrate sustainability in our daily business. That is the reason why we introduced S.E.A. (Sustainable Earth Actions), our game-changing programme that it is based on the sustainability issues found to be the most relevant for our company and stakeholders and in which we have the greatest impact.



The results of the stakeholder interviews have been incorporated into the materiality matrix.

Impact on Van Oord according to internal stakeholders

		Moderate	High
Relevance according to external stakeholders	High	<ul style="list-style-type: none">- Energy-efficient working methods (included in scope of ISO 50001) <p><i>Read more about this topic in the Performance chapter.</i></p>	<ul style="list-style-type: none">- Enhancing energy transition- Safety- Energy efficiency (of our fleet)- Environmental impact (e.g. on marine ecology) <p><i>Read more about these topics in the chapters Offshore Wind, Performance and Safety.</i></p>
	Moderate	<ul style="list-style-type: none">- Health- Human rights- Resource efficiency (incl. circular economy)- Water use- People mobility (incl. car lease)	<ul style="list-style-type: none">- Accelerating Climate Initiatives- Empowering Nature & Communities- Compliance- Diversity & Inclusiveness- Social impact (incl. community engagement)- Learning & Development- Sustainable procurement <p><i>Read more about these topics in the chapters Dredging, The Right People, Sustainability, Performance and Compliance.</i></p>



Feedback from our stakeholders

Andrew Scott, Senior Advisor, Environmental & Social Risk Management at ING

'Van Oord's performance meets expectations. We can clearly see that they're aware of the risks and impact, and what they're trying to achieve.'

'An opportunity for improvement is closer involvement with social and environmental issues at an earlier stage. It's one thing to be able handle issues as they arise, but taking action before they occur is a real skill.'

Henk Nieboer, Director EcoShape

'It is very important for a company like Van Oord to pay attention to sustainability. After all, Van Oord is one of the leaders in marine engineering and is therefore in a position to act in the world's interest.'

Enrico Giovannini, Procurement and Post Order Manager at Saipem

'Business-wise it's important for a company like Van Oord to focus on sustainability. It's increasingly becoming a criteria for success when bidding for offshore oil & gas and renewables projects.'



Materiality

The response to the second question is shown in the materiality matrix, which indicates the relevance of sustainability topics addressed in our sustainability programme. The vertical axis shows the relevance of the topics to our external stakeholders (shareholders, clients, financial institutions, suppliers and NGOs). The horizontal axis shows the impact these topics have on Van Oord according to our internal stakeholders (management, project managers and staff). The results help us to set the right priorities within our sustainability programme.

UN Sustainable Development Goals

The third question addresses the Sustainable Development Goals (SDGs) of the United Nations (UN). These global goals are the core of the UN's 2030 Agenda for Sustainable Development, which promotes the quality of the living environment and the eradication of poverty, injustice and discrimination. Our stakeholders indicate we should focus on seven selected SDGs. They reflect our main business drivers and impact areas.

Discussing dilemmas with the Sustainability Advisory Board

In addition to formal stakeholder interviews, which take place every two years, the Executive Board is challenged and advised by the Sustainability Advisory Board on matters that relate to our impact on society.

Good governance

Sustainability is included in a standard policy made up of two elements. The first is a sustainability programme combined with required knowledge of the relevant legislation; the second is an appraisal of the individual situation and local circumstances. The responsibility for implementing this policy lies with the Executive Board, which is supported by the Sustainability Steering Committee. The Sustainability Advisory Board, challenges and advises the Executive Board. Certified management systems ensure sustainable business operations and help mitigate safety and environmental risks. Our operational procedures are documented in the Van Oord Management System (VOMS). Every year, Lloyd's Register, an independent organisation providing verification services, verifies that our system complies with international quality, health, safety and environmental standards. We also quantify our policy achievements in the form of key performance indicators (KPIs). This non-financial performance is verified by our auditor and as a result of this audit an assurance report was issued.



Sustainability Advisory Board members

J.P. Balkenende – Former Dutch Prime Minister, External Consultant for EY, Professor of Governance, Institutions and Internationalisation at Erasmus University Rotterdam, and Chairman of the Dutch Sustainable Growth Coalition

W. van Dieren – Member of the Club of Rome, initiator of Springtij Forum, member of World Academy of Art and Science, and founding father of Friends of the Earth Netherlands

K. Maas – Professor of Accounting and Sustainability at the Open University, Academic Director of Impact Centre Erasmus (ICE), and member of the Advisory Board for De Groene Zaak

M. Demmers – Director of the Dutch Natuur & Milieu foundation

The Sustainability Advisory Board had three meetings in 2018. A major agenda item of these meetings was discussion of sustainability dilemmas. Examples included:

- Integrating sustainability in our business: Which topics should be licence-to-operate for all our activities, and which topics represent growth opportunities for our businesses ('licence-to-grow')?
- Communication and Van Oord's leadership role: Should we show our good practices or should we take the next step by actively taking a leadership role in the sustainable transition of our markets?
- Contractual responsibilities: What are our clients' responsibilities versus our responsibilities?



Corporate strategy

Van Oord's business is dredging, both in the Netherlands and internationally, offshore wind and offshore oil & gas. Each of our business units has its own operational strategy in order to respond to the specific demands and developments of the market and the current phase of the market cycle. Our strength lies, however, in the synergy between all these different activities.

We have one purpose: creating a better world for future generations by delivering Marine ingenuity. Together we follow one strategy: grow from an asset-driven to a knowledge-driven company, developing three strategic themes: the Right People, Sustainability and Vox Data.

While our business units each serve their own market, there are similarities. Implementation takes place in, on, under or near water, requiring the same project skills everywhere. Contract management, project management, major asset handling, civil engineering, big data utilisation: we have many specialists in our departments who can be deployed in all the business units.

From asset-driven to knowledge-driven organisation

Van Oord has always stood out in the dredging industry because it deploys high-quality vessels and other equipment. We are still a frontrunner when it comes to innovating these assets, but the market is changing. Although having the right equipment is still necessary, knowledge and expertise are becoming increasingly important in projects. Clients are asking more and more from us in terms of contract preparation, design & engineering, sustainability, stakeholder management and equity participation. In developing a port or an offshore wind farm, we play a much bigger role than before. This requires a different focus and different competencies. We give the client peace of mind, we advise and we participate in projects. We are making the transition to a full-service marine contractor in all our markets.

Purpose

Our purpose is to create a better world for future generations by delivering Marine ingenuity

Mission

As a global marine contractor, we focus on dredging, oil & gas infrastructure and offshore wind. We work closely and safely with our clients and stakeholders to create innovative and sustainable solutions.

Values

We create

We care

We work together

We succeed

Strategy

From asset to knowledge



Dredging



The Netherlands



Offshore Wind



Offshore

The Right People

Sustainability

Vox Data



Society is changing fast with technological advances, rapid information flow, increasing complexity, digitalisation, globalisation and other developments. This impacts the highly dynamic markets in which Van Oord operates. To remain successful and stay ahead of the competition in the market, we need to change from an asset-driven company to a knowledge-driven company. We set out a strategy to attract, develop and retain the right people: we need to modernise while being a top employer.

Developing our company

Our strategic theme the Right People is about developing Van Oord further to make it an even more professional organisation to work for. An organisation where our employees, of different nationalities and from different backgrounds, can develop and utilise their talents so they add more value to Van Oord and our clients projects. Selecting and developing the right people with learning agility is essential.

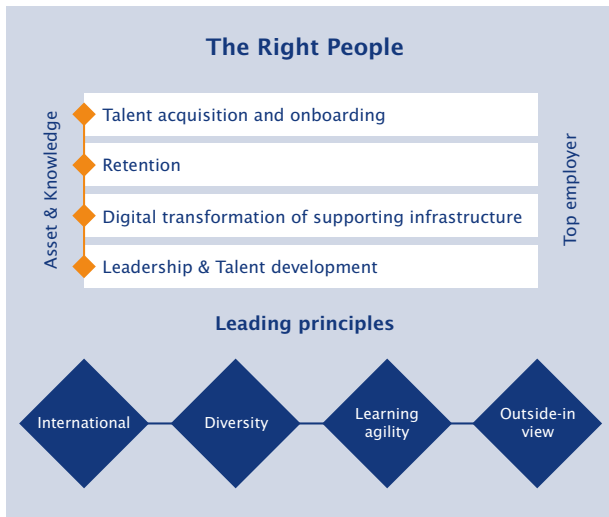
New perspectives require a different management and leadership style. Agility and an outside-in view from our leaders and employees are key. It also requires a different

way of working, one that is more open and more flexible. This strategy will adapt the lean way of working to achieve our goals.

In a tight labour market, there are a number of attributes Van Oord needs to have in order to attract and retain skilled people. These include a good work-life balance, inspiring purpose and leadership, a high level of responsibility and good remuneration. We also need to be seen as a top employer with a diverse workforce at all levels of the organisation. These attributes form the basis of our strategy in the coming years.

Talent acquisition and onboarding guidance

In 2018, we attracted around 500 new employees, but we need to boost recruitment to fill over 200 vacancies that we had at the end of the year. After welcoming a new employee we want to give him or her a flying start. By improving this onboarding phase, we want to give them a warm welcome along with the directions and practical tools they need to do their job successfully.



Retention and improving the employee experience

As well as recruiting skilled new people, we need to retain the talent we already have. Employee outflow currently stands at almost 10% per year. This is better than average for our industry, but there is still more we can do. Offering good terms of employment is a relevant issue in a tight labour market. We are an attractive employer when it comes to our employment terms and conditions. Specific points of attention are vitality, work-life balance and talent development.

Vitality is an important subject for us because of the relationship between health and safety. People who are fit and healthy enjoy life more and take more pleasure in their work. They also keep a closer eye on their surroundings and avoid dangerous situations. Van Oord's StayFit programme started with the fleet. In 2018, the programme extended to office and project staff. StayFit raises awareness by providing information and practical guidance on nutrition, sport and exercise, as well as stress and pressure at work.

A knowledge-driven organisation is one that requires employees to learn and develop different competences and skills. We identify the competences that employees need to be successful. Learning agility, the ability and willingness to learn from experience and then apply that learning in new situations, calls for a mindset that suits this set of competencies. Our next step is to better identify our talents, pay attention to their needs and accelerate talent development within Van Oord.

Internationalisation and diversity

At the end of 2018, our workforce consisted of 74 nationalities. In the coming years, this figure will rise steadily as we recruit people from all around the world. We also want to attract more women to senior positions throughout the company. As well as bringing the necessary skills, a diverse, international workforce will bring new ideas, personalities and experiences which can enrich our teams and projects.

Internationalisation and diversity will also make Van Oord more attractive as an employer. Research shows that diverse companies are better able to attract and retain top talent. They also have higher employee satisfaction, better decision-making and improved customer orientation. Furthermore, in a diverse workforce there are more perspectives to address the dynamic business environment in which Van Oord operates. In short, diverse companies are more successful.

Digital transformation of supporting infrastructure

We need systems in place to support our international workforce. The Personnel & Organisation department is working with the Finance & Control department to expand our payroll infrastructure. This will not only allow us to hire people more easily, it will also enable them to work all over the world. As part of our digital transformation strategy, we have started working with the Vox Data team to centralise and organise data in order to improve analytics and streamline employees' interactions with the Personnel & Organisation department.

Leadership development

Leadership plays a key role in all these strategic initiatives. As a result, Van Oord has developed a new approach to leadership based on the Secure Base Leadership model. This proven model describes a set of behaviours and attributes that enable leaders to harness their energy to mobilise individuals, teams and organisations in order to achieve shared goals. With the Secure Base Leadership model as a starting point, we have developed a Van Oord leadership profile.

This profile is rooted in Van Oord's core values and forms the basis for developing and assessing leaders. In 2018, a survey of 300 leaders within the organisation showed which skills need more attention in order to perform successfully in a management role. We started management development programmes that will support developing these skills. We will also introduce measures to encourage more cooperation between business units, departments, teams and individuals. This will lead to a more open and agile company where constructive feedback is key.

Our organisation operates in a world that is volatile, uncertain, complex and ambiguous. By adopting the Secure Base Leadership model, we will have the flexibility, agility and adaptability to work successfully in this world and ensure Van Oord's future for the next 150 years.



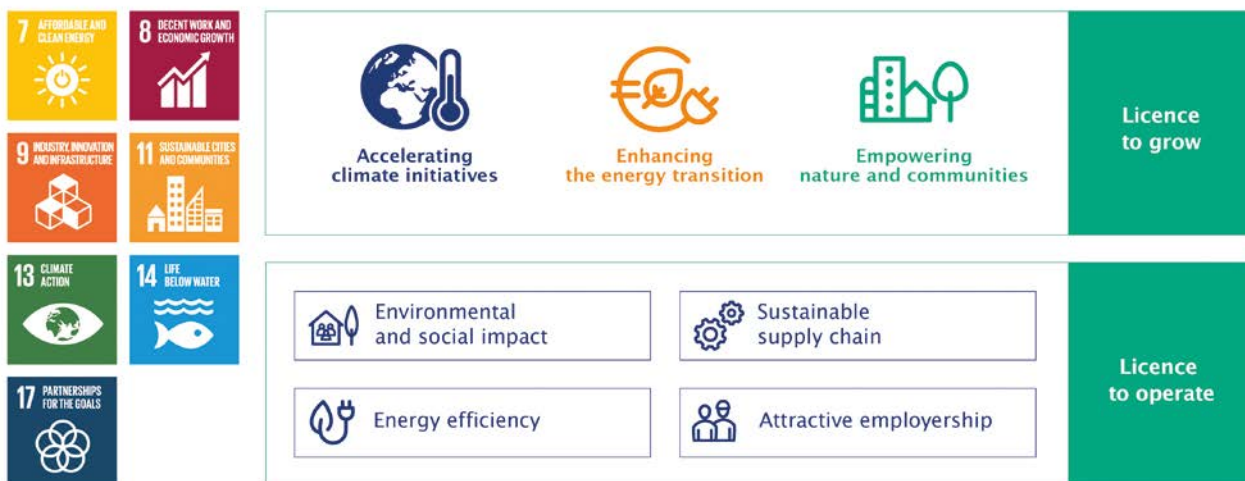
Sustainability

By delivering Marine ingenuity, Van Oord builds the basic infrastructure for society and creates a better world for future generations. Sustainability is an integral part of our strategic planning, project design and operations. It is no longer enough to say that we are sustainable. Clients, project partners, job applicants and all our other stakeholders want to see concrete proof of our actions and impact.

Sustainability framework

Our sustainability framework highlights four priorities that are key to our sustainability performance: environmental and social impact, sustainable supply chain, energy efficiency and attractive employership. These priorities are our licence to operate. The framework also highlights three goals that will enable us to expand our business and prosper in the future: accelerating climate initiatives, enhancing the energy transition and empowering nature and communities. These goals are our licence to grow. It also includes the seven UN Sustainable Development Goals on which our activities have the largest impact.

Sustainability is our core business



More than 150 years of stewardship with a proven track record of successful marine ingenuity.

Developing an open mindset

The sustainability framework was presented to our top 70 managers and validated by them. It will form the basis for all our efforts and communication regarding sustainability. Over the last six years, we have created an environment where we can discuss the challenges and dilemmas concerning sustainability. This gives us a starting point for developing a more open mindset across the organisation so that sustainability becomes second nature in everything we do. It also highlights the need for new competencies, not only in terms of recruiting the right people but also in terms of selecting our partners and engaging with communities, NGOs, universities and other knowledge institutes.

Projects that underscore our sustainable ambitions

The open mindset, along with our three licence-to-grow goals, is inspiring us to develop new initiatives. In 2018, we started several projects that underscore our ambitions. In cooperation with the North Sea Foundation, the Natuur & Milieu organisation and Eneco Luchterduinen, we installed reef balls and cages containing flat oysters at the Luchterduinen offshore wind farm near IJmuiden, the Netherlands. The aim is to investigate how nature conservation and renewable energy generation can reinforce one another, and whether it can improve biodiversity.

Van Oord is also part of a consortium that is testing a new method for large-scale coral rehabilitation at the Great Barrier Reef in Australia. Due to climate change and coral bleaching, the reef has lost more than half of its coral since 1985. The rehabilitation method involves harvesting coral eggs and later transplanting the coral larvae in places where

coral is meant to grow. This proven concept is already being applied on a small scale. In this new test phase, the researchers will analyse on site whether the method can be scaled up.

Reinforcing the Afsluitdijk

In 2018, a consortium comprising Van Oord, BAM, and Rebel was selected to reinforce the Afsluitdijk in the Netherlands. Our sustainability performance was one of the key factors that won us the contract. The project design provides for a great deal of natural water discharge instead of pumping, which reduces energy consumption. In addition, the consortium will use Level-blocs, concrete armour units, to raise and reinforce the causeway on the Wadden Sea side, which reduces the environmental impact.

Gaming technology in subsea operations

To mark our 150th anniversary, in 2018 we launched the Van Oord Innovation Challenge to form new partnerships with start-up companies making a substantial contribution to sustainability. The competition was won by Abyssal, a Portuguese start-up, whose software uses sensor data to deliver real-time 3D virtual overviews of the entire subsea environment. Abyssal's product is based on gaming technology for use in offshore projects to improve the safety and efficiency of subsea operations. For example, it could be used to simulate the installation of monopiles in new offshore wind farms which would help us build individual project experience that much quicker, reducing fuel consumption and carbon emissions as a result. The technology can also help us in our drive to become a knowledge-driven company.

New partners

Van Oord has signed contracts with three start-ups through the PortXL programme in Rotterdam. Sustainability is the business driver for this innovation programme, which offers port-related start-ups the opportunity to kick-start their ideas. In the search for new partners, we focused on sustainability and digitalisation. The three contracts cover ecological infrastructure, reducing harmful emissions and digital solutions for logistics processes.

Energy management certification

In 2018, Van Oord became the first company in the industry to gain the ISO 50001 energy management certification. This certification will help us address energy efficiency in our fleet and develop energy-efficient methods in our processes and projects.

Social initiatives

We believe it is important to make a contribution to the communities in which we live and work. Several social projects have been initiated to give something back to or do something special for the communities in which we are active. The projects vary from donating educational materials to schools, to running lunch programmes for young children. Van Oord recognises the importance of education and supports various organisations that help children in countries like India, Indonesia and Brazil to stay in school.

For example, we support Peduli Anak, an NGO that is helping to improve the lives of underprivileged children in Indonesia by providing shelter and education. In Rotterdam, we offer lessons at our head office to students participating in the IMC Weekend School.

Exciting developments

The growth in our sustainability activities will continue in 2019. Our Sustainable Earth Actions (S.E.A.) programme will promote our sustainability performance in a more modern, proactive way, and establish Van Oord as a thought leader. Other exciting developments on the horizon include the Global Coastal Defence project supported by the United Nations, and our involvement in the Refugee Talent Hub. All these projects will unleash the energy within the organisation and enable us to reap the full benefits of projects in terms of sustainability.



Children at the IMC Weekend School in Rotterdam receive lessons about offshore wind energy.

Vox Data

Global business is undergoing high-paced digitalisation and facing increased cybersecurity risks. Combined with the high-value data we produce every day, these trends are driving Van Oord to become a frontrunner in the digitalisation of our industry.

As one of the company's strategic focus points, the Vox Data programme has been created to lead the digital transformation of the company. By effectively applying 150 years of Marine ingenuity to business-critical information, we can continuously improve our competitive position, gain new insights and create new opportunities.

Information strategy

The Vox Data programme focuses on three key areas. The first area is information strategy. The company produces and has access to vast amounts of data from both internal and external sources. To successfully utilise it, we have to determine what data is useful and for what purpose. In this way, we enable data-driven decision-making in order to lower costs, reduce risk, identify both non-viable business and new opportunities, respond faster and more effectively, and increase operational efficiency. Digital technologies are developing rapidly. In the beginning, our information

strategy will focus on learning and inspiration. Part of it will involve cooperation with companies in other industries in order to encourage an outside-in view. By analysing and correlating data in innovative ways, we can gain new insights, discover surprising new business opportunities and identify risks at an early stage.

Information management

The second focus area is information management. This is about ensuring that high-quality data flows freely and securely throughout the company and is well managed. Data security is critical here. It is also about ensuring that we can correlate both internal and external data. To achieve these goals, there is a large behavioural and cultural component involved. We are shifting our mindset from paper-based and multiple systems to standardised digital systems and data ownership.

For example, the MI-7 finance transformation programme aims to improve our financial organisation. Accurate management information is essential in a rapidly and continuously changing world. This transformation programme helps by analysing data more quickly, making it faster and easier to anticipate and adapt to trends.

Routine work can be done faster, leaving more time for analysis and, as a result, boosting our added value. Part of the Vox Data programme involves facilitating these initiatives, moving them beyond the pioneering phase and, by demonstrating their value, embedding them in the company.

Architecture and technology enablement

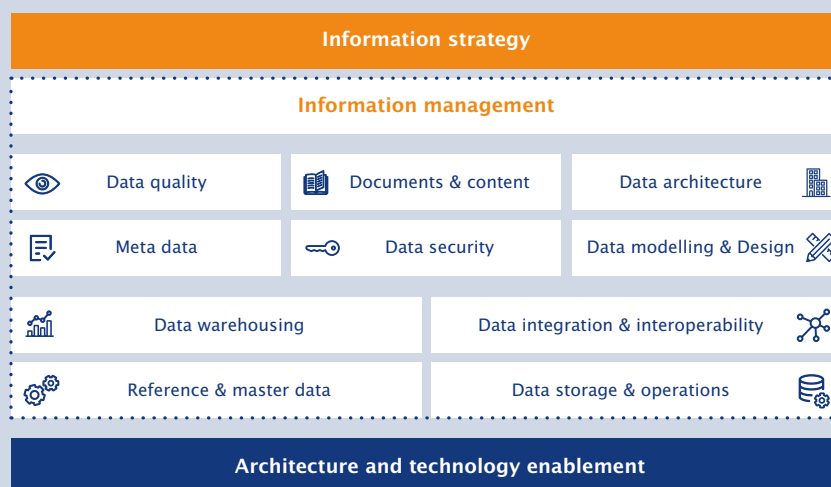
The third Vox Data focus area is architecture and technology enablement. This involves all the hardware and software needed to make data secure, accessible and consumable by staff, clients and joint-venture partners. One of Vox Data's main achievements in 2018 was creating the network and cloud infrastructure that forms the foundation for our digital transformation.

Raising awareness through success

In 2018, the Vox Data programme also raised awareness about digital transformation across the organisation. One of the ways the team did this was by promoting successful projects that demonstrated the benefits of digitalisation, making people hungry for more. In one such project, Van Oord collaborated with Microsoft to digitalise the certificates for all the equipment on board our vessels. Through cloud-based storage and an advanced search engine, staff, suppliers and certification authorities can now access certificates quickly and easily online.

In another successful project, a pioneering group from Information Technology and Engineering & Estimating developed a system that automates the analysis of vessel data, including speed, location, capacity utilisation and cycles, of both our own ships and our competitors' vessels. Previously, this information took weeks to gather and process. Now it is available on a weekly basis.

Key focus areas of the Vox Data programme



*The Coral Engine in the Bahamas is a sustainable
source of fast-growing coral*

3 Performance

Financial
performance

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Non-financial
performance

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Our fleet

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Investments

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Financial performance

Our revenue amounted to EUR 1,876 million compared to EUR 1,530 million in 2017. The increase was mainly driven by Offshore Wind activities, which realised EUR 706 million of revenue (2017: EUR 403 million). Various (large) projects were under full execution, whereas in 2017 these were in the preparation phase. Revenue in the Netherlands also increased to EUR 115 million (2017: EUR 82 million). In Dredging the revenue from international activities (EUR 852 million) was similar to 2017 (EUR 841 million) reflecting ongoing difficult market circumstances. The same applied to Offshore with a revenue level of EUR 203 million (2017: EUR 204 million).

In 2018 we realised a net profit of EUR 92 million (2017: EUR 78 million), although that this included two one-off items. The sale of our share in Gemini generated a net book profit of EUR 38 million. On the other hand, we accounted for a net loss of EUR 20 million in light of the US Private Placement refinancing (EUR 27 million before tax). Excluding these two items, our net result in 2018 amounted to EUR 74 million which is somewhat lower than 2017 (EUR 78 million). Our underlying business drivers had changed since 2017. Projects results and margins were under pressure. At the same time we further improved our overhead and equipment results, driven by cost savings and strong management focus.

The capacity utilisation rate was 22 weeks for our trailing suction hopper dredgers (2017: 33 weeks) and 21 weeks for our cutter suction dredgers (2017: 16 weeks). For our offshore wind equipment, including the MPI vessels acquired in the last quarter, the capacity utilisation was 20 weeks (2017: 23 weeks) and for our flexible fallpipe vessels 36 weeks (2017: 43 weeks).

Financial position and cash flow

Our financial position remains strong with an equity of EUR 999 million (2017: EUR 943 million) and a solvency ratio of 39.5% (2017: 37.3%). The net debt position amounted to EUR 78 million compared to EUR 43 million at year-end 2017. This debt level, and the related covenants, are well within our credit facility terms and conditions, the same as in 2017.

In 2018, we had a negative net cash flow of EUR 26 million, including the MPI acquisition (cash out EUR 86 million) and

the sale of our Gemini share (cash in EUR 82 million).

Excluding these two items, we had a negative net cash flow in 2018 of EUR 22 million, whereas we had a positive net cash flow in 2017 of EUR 36 million. The difference between 2018 and 2017 was mainly driven by a lower operating cash flow (EUR 50 million) and a higher net investment cash flow (EUR 17 million).

Restructuring external financing

We are in the process of restructuring our external financing. The existing US Private Placement (USD 501 million) will be repaid early, partially funded by a new European Private Placement (EUPP) and partially by using our available liquidity. The new EUPP will have a longer tenor and lower pricing than the USPP. The repayment of the USPP will take place in two tranches of 50% each. The first tranche was formally notified to our financiers in December 2018 and has been paid on 1 March 2019. As a consequence, this amount (EUR 231 million) is presented under short-term liabilities in the balance sheet. The second tranche has been notified in 2019 with repayment as per 1 April 2019. Our early repayment of the USPP has triggered a refinancing cost in the year 2018 of EUR 27 million before tax. This cost will be compensated by lower interest expenses in future years.

Order book

Our order book amounted to EUR 3,676 million at year-end 2018, compared to EUR 3,395 million at year-end 2017. The net increase of EUR 281 million was the balance of the new awards in 2018 (EUR 2,157 million) minus revenue in 2018 (EUR 1,876 million). The five largest projects awarded in 2018 were the reinforcement of the Afsluitdijk, the Fryslân nearshore wind farm, the construction of the A16 motorway, the modernisation of the Świnoujście to Szczecin fairway in Poland and the contract for supplying and installing cables at the Hollandse Kust (South) wind farm.

Return on capital employed

In 2018 we realised 9.3% return on capital employed, an increase compared to 2017 (8.3%). This favourable development was the result of an increased EBIT combined with lower (average) capital employed.



Non-financial performance

Van Oord wants to be recognised as a marine contractor for whom compliance and creating societal benefits is part of daily business. Four themes are key to our standard business practices and procedures, also referred to as our licence to operate.

The four themes are:

- Environmental and social impact
- Energy efficiency
- Sustainable supply chain
- Attractive employership

Many of our policy achievements are quantified in the form of key performance indicators (KPIs). In 2018, our auditor verified these indicators and issued an assurance report (see the section Other information in this report).

Environmental and social impact

For each project, we consider the environmental and social impact during project planning and execution. This impact can be positive – for example, job creation and community investment – or negative – for example, temporary inconvenience for local communities. We try to avoid or mitigate negative impact in accordance with the OECD Guidelines for Multinational Enterprises.

Energy efficiency

Energy-efficient systems and ships, energy awareness among our employees, and experiments with alternative fuels are all helping to reduce our energy consumption and greenhouse gas emissions. This is also an important theme in our investment programme. When we take over existing vessels, we look at energy consumption as part of their specifications. We collaborate with our suppliers on energy-efficiency measures and take energy efficiency into account in our designs for new engines and hulls. By 2020, we aim to have improved the energy efficiency of our fleet by a minimum of 10% compared to 2010.

Fleet energy-efficiency improvement compared to 2010 (cumulative)

2014	2015	2016	2017	2018
4.2%	5.2%	5.6%	6.0%	7.4%

The main groups of carbon emitting sources that are included in our footprint are equipment owned by Van Oord,

lease cars and private cars for business travel, offices and yards and business air travel. By 2018, our energy-efficiency had improved by 7.4% compared to 2010. Our carbon footprint was considerably smaller than in 2017, largely due to lower activity by our large trailing suction hopper dredgers in 2018.

Van Oord is working on numerous ways to reduce fuel consumption and greenhouse gas emissions. For example, our new vessels are based on state-of-the-art technology. We use cleaner fuels and we are experimenting with biofuels and other alternatives. On projects, we study whether we can apply more energy saving working methods.



Certifications

Van Oord has been certified in accordance with ISO 9001: 2015 (quality management); ISO 14001: 2015 (environmental management) and OHSAS 18001: 2007 (health and safety management). To guarantee that fleet and project fuel-efficiency measures are incorporated into our operations, we introduced the ISO 50001 energy management standard in 2018. In the Netherlands, we have certified our energy management system at level 5 on the CO₂ performance ladder. Van Oord also observes the ISM code and we hold a Document of Compliance (DOC). Our fleet employee management system is certified in accordance with the Maritime Labour Convention.



Energy efficiency

Total carbon footprint
in tonnes CO₂

576,516

676,661

% related to equipment deployment

95.48

95.51

◆ 2018

◆ 2017

Sustainable supply chain

Since the introduction of our assessment system in 2016, we have collected sustainability and QHSE data for 146 suppliers up to the end of January 2019. Of these, 106 have a risk profile that is higher than average. We aim to have assessed all our key suppliers by 2020.



To keep up-to-date and maintain long-lasting and sustainable relationships, we organised a Supplier Innovation Day in 2018. At this event, we presented our latest innovations and shared our ambitions. Through this open attitude, we wanted to inspire our suppliers to do the same.

Attractive employership

We undertake challenging and exciting projects all over the world. Only by having the right people in the right places and by working together, can we bring these projects to a successful conclusion. Offering good terms of employment is important. We want all our employees to work happily, safely and in good health. Our personnel policy is designed to attract the best people to Van Oord and to encourage all our employees to get the best out of themselves. Specific focus points are vitality, work-life balance and talent development. Our strategic theme the Right People, part of section 2 of this report, is about developing Van Oord further to make it an even more professional organisation.

Our people

Employees at Van Oord (in FTEs)



Ratio male/female in percentage

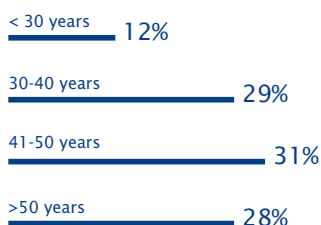


Number of nationalities employed by Van Oord



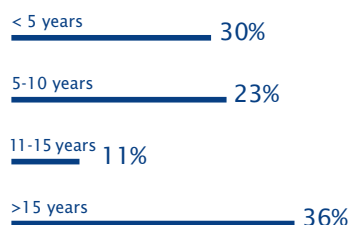
Average age

of 2,293 employees on the Dutch payroll 2018



Average number of years of service

of 2,293 employees on the Dutch payroll 2018



Sick leave rate

Sickness absence as % of employees on the Dutch payroll



Safety

Total Recordable Injury Rate (TRIR)



Lost Time Injury Frequency Rate (LTIFR)



Our associations

Members of Young Van Oord



Training courses

Number of participants

Course Type	2018	2017
Safety and Mandatory Training	2,019	1,866
Professional & Personal Development	1,076	1,448
Leadership Development	246	175
Trainee programme	12	12



◆ 2018

◆ 2017



Our fleet

New or acquired equipment:

- Trailing suction hopper dredger Vox Amalia
- Flexible fallpipe vessel / SRI vessel Bravenes
- Crane vessel Werkendam
- Offshore installation vessel MPI Adventure
- Offshore installation vessel MPI Resolution

Decommissioned or sold:

- Trailing suction hopper dredger Pelican
- Trailing suction hopper dredger Volvox Anglia
- Cutter suction dredger HAM 219
- Cutter suction dredger Castor
- Cutter suction dredger HAM 250

Other equipment

Van Oord also has split hopper barges, hopper barges, pushbusters, multicats and a large number of special-purpose and specialised and auxiliary equipment at its disposal.



20

Trailing suction hopper dredgers



2

Self-propelled cutter suction dredgers



8

Cutter suction dredgers



3

Flexible fallpipe vessels



2

Sidestone dumping vessels



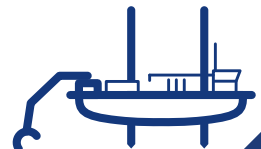
11

Water injection dredgers



4

Offshore installation vessels



4

Backhoe dredgers



1

Shallow water pipelay barge

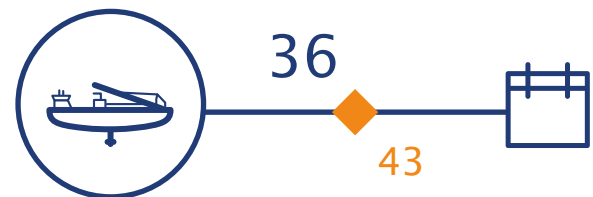
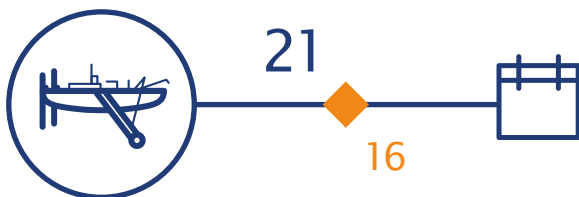
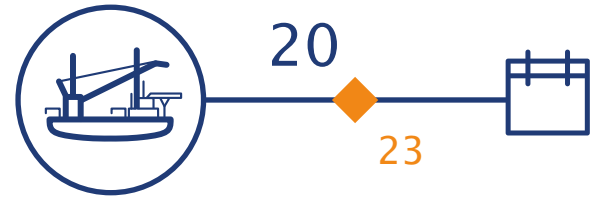
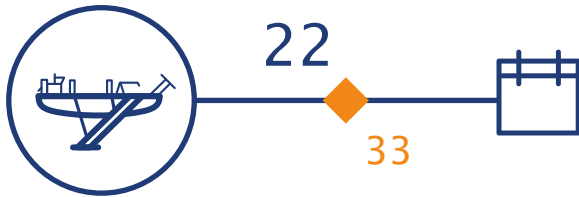


1

Cable laying vessel

Fleet capacity utilisation rate

In weeks per year



◆ 2018
◆ 2017





Investments

As a marine contractor, Van Oord needs to have state-of-the-art equipment. That is why we invest in modernising our fleet. As well as focusing on vessels, we also seek out innovations and new partnerships. These investments are essential to creating value in the future.

Careful investment decisions

We have innovative, highly specialised equipment that meets the latest market demands. Our long-term investment plan for the fleet is key here. There can be numerous reasons to invest in new equipment: replacement, achieving a lower cost price per cubic metre, or conquering new markets. All these cases involve careful consideration of costs and opportunities before a decision is made. A ship's depreciation takes some 20 years while developments in the market occur rapidly. Moreover, we actively collaborate in innovations that can shortly lead to current investments no longer being necessary. Investments in the maritime sector therefore require vision and courage. The fact that no investment is risk-free was shown by developments in the construction of the two new suction hopper dredgers Vox Amalia and Vox Alexia. This project was delayed because the LaNaval shipyard in Bilbao went bankrupt. At the end of 2017, the contract for the Vox Amalia was terminated, so that the vessel could be completed in Santander, Spain. Construction of the Vox Alexia will continue at a still-to-be-determined shipyard.

Replacement

We are currently replacing the existing capacity in our dredging fleet. It is essential that each new vessel is more efficient than its predecessors in terms of cost price per cubic metre or per tonne of rock. Replacement therefore involves immediate cost savings and efficiency improvements. As a result, the total number of vessels will decrease, while the capacity of our dredging fleet will remain the same.

Upgrades

In order to respond to the fast developments in the offshore wind market, the offshore installation vessel Aeolus had to undergo a major upgrade. Its loading capacity has been increased and the number of onboard accommodations has been expanded to 99.

The vessel has also been widened, the deck has been reinforced and a helicopter deck has been added. The spud poles – the ship's 'feet' – have also been enlarged. Thanks to the most critical modification, a new crane with a lifting capacity of 1,600 tonnes, the Aeolus is now one of the biggest heavy-lift crane vessels in its class. In August 2018, the upgraded Aeolus was deployed when construction of the Norther offshore wind farm started.

Market expansion

In 2018, we acquired MPI Offshore, a contractor specialising in offshore wind installation. As a result, Van Oord has strengthened its Offshore Wind organisation worldwide, particularly in the UK market. In total, 100 people, both staff employees and crew members, joined the Van Oord organisation. Two offshore installation vessels, the MPI Adventure and the MPI Resolution, were part of the acquisition. These vessels expand Van Oord's fleet capacity and give us better access to new markets. In some countries, a contractor can only operate if it provides its own equipment. Van Oord also acquired some project contracts. These include the London Array, Prinses Amalia and Rampion offshore wind farms. The acquisition is completely in line with our ambitions and investment programme, and follows a number of strategic takeovers in recent years, including the offshore wind activities of Bilfinger and Ballast Nedam.

LNG-powered vessels

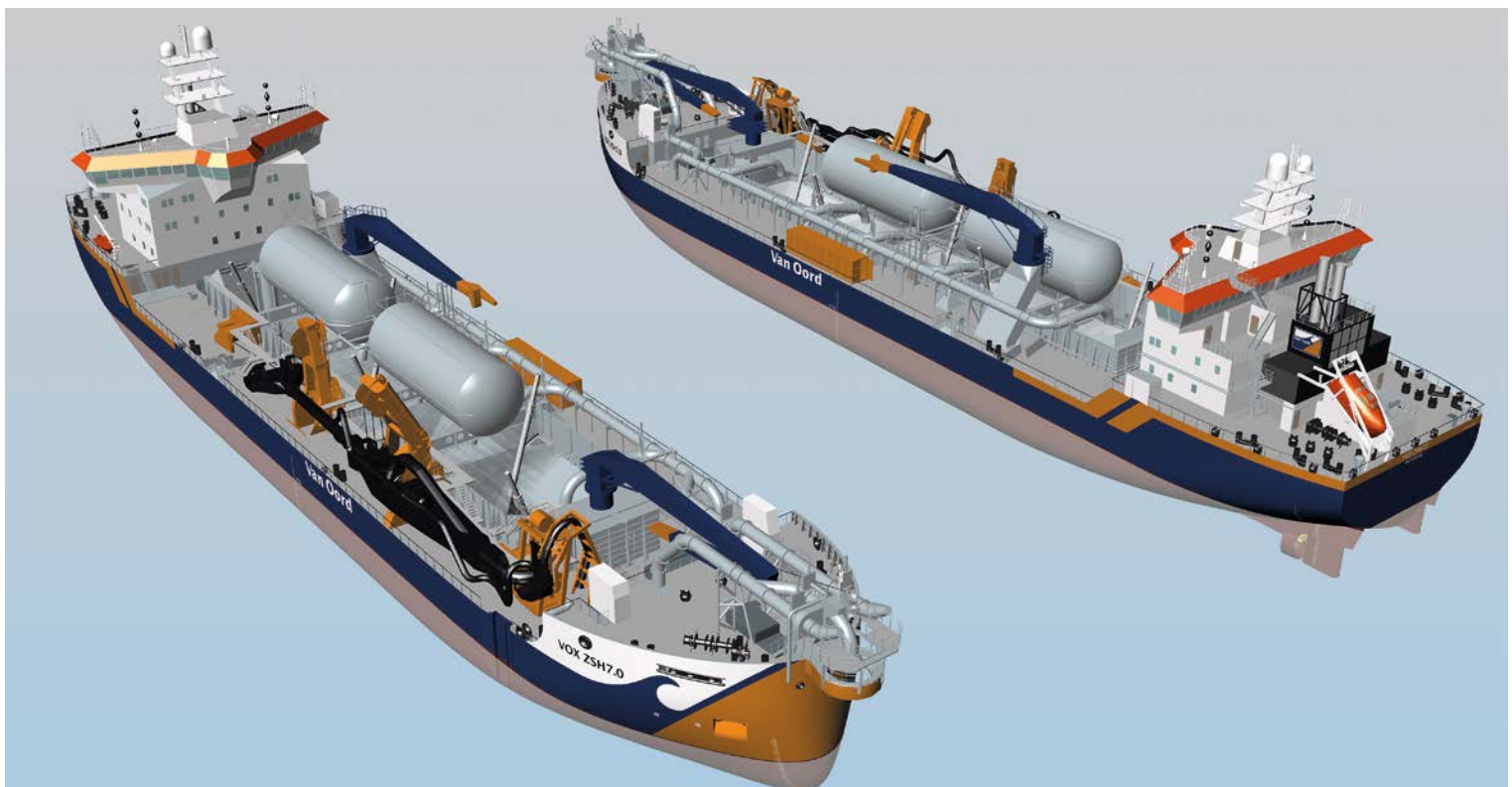
The IMO (International Maritime Organisation) has set a goal to reduce marine shipping emissions by 50% by 2050. This is only achievable through more efficient shipping and by shifting from oil to gas. We see gas as a transition fuel, we have decided to invest in LNG. Compared to diesel, LNG emits 80% less particulate matter and 70% less nitrous oxide. It also reduces carbon emissions by 25%. This is a bold decision since less than 1% of world shipping is currently powered by gas. 2018 saw the launch of Van Oord's first LNG-powered vessel Werkendam. In addition, we ordered two LNG-powered ZSH 7.0 hopper dredgers. Although these vessels might be less cost-efficient in the short term, we believe they will give us a commercial advantage in the long term as clients seek partners with energy-efficient assets. This reflects Van Oord's belief in a sustainable future.

New technologies

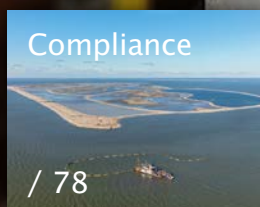
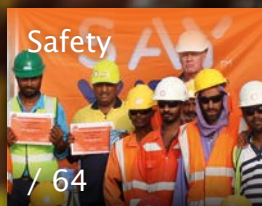
Innovations in the offshore wind sector are developing rapidly. Whether it is a matter of lower cost price or more efficient installation technologies, Van Oord wants to support their development. That is why we are researching new technologies and seeking partnerships. For example, in August 2018, Van Oord partnered with the Carbon Trust and Fistuca in the offshore trial of the Fistuca BLUE 25M hammer, a new piling technique, as part of the Offshore Wind Accelerator BLUE PILOT project. The test off the coast of the Netherlands used Van Oord's offshore heavy-lift installation vessel Svanen.

Another initiative is the Slip Joint Offshore Research (SJOR) project. The Slip Joint is an alternative connection between an offshore wind turbine and its foundation. It works and looks like two paper cups turned upside down and stacked on top of each other. The innovation is based on friction, where the weight ensures a firm and stable connection. As a partner in the project, Van Oord successfully connected an offshore wind turbine to the monopile using a slip joint connection. It shows that shorter installation time can be achieved and may lead to further cost reductions in offshore wind.

Van Oord also introduced the innovative Dig-IT trencher, a remote-controlled trench jetting and cutting system. After a cable has been laid on the seabed, this innovative trencher will bury it to the required depth. We used it for the first time in May 2018 on the Borkum Riffgrund 2 project in the German North Sea. Thanks to this asset, we have expanded our cable laying and burial capabilities and can now offer our clients in offshore wind construction a complete service package.

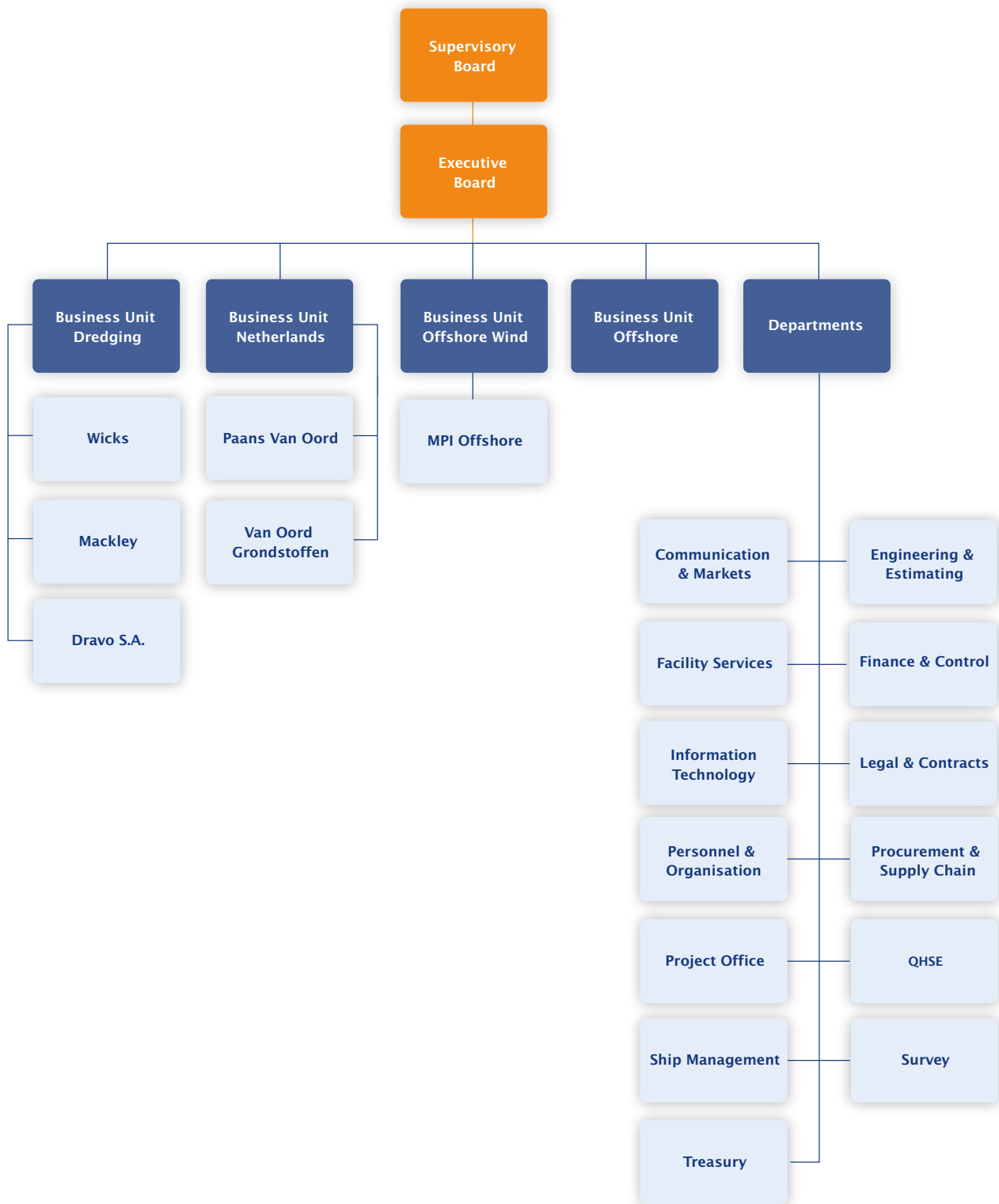


4 Governance





Organisation





Composition of the Executive Board

**Pieter van Oord (born 1961),
Chief Executive Officer since 2008**

- Focus areas: Business unit Netherlands, Business unit Offshore Wind. Departments Personnel & Organisation, Communication & Markets, Facility Services and Works Council.
- Additional activities: Chair of the Association of Dutch Suppliers in the Oil and Gas Industry and Offshore Renewable Industry (IRO), Supervisory Board member of STC-Group, Board member of MerweOord B.V., Supervisory Board member of Nationaal Park De Hoge Veluwe, Board member of Club Rotterdam and Chair of the Supervisory Board of Stadion Feijenoord.

**Jolanda Poots-Bijl (born 1969),
Chief Financial Officer since 2016**

- Focus areas: Departments Finance & Control, Treasury, Information Technology, Legal & Contracts, Procurement & Supply Chain.
- Additional activities: Supervisory Board member of Blokker Holding B.V., Supervisory Board member of Gasunie (until March 2019).

**Paul Verheul (born 1961),
Chief Operations Officer since 2011**

- Focus areas: Business unit Offshore. Departments Engineering & Estimating, Ship Management Department, Survey, QHSE (Quality, Health, Safety & Environment) and Project Office.
- Additional activities: Board member of the International Association of Dredging Companies (IADC), Advisory Board member of PortXL World Port Accelerator programme, Board member of the Royal Association of Netherlands Ship-owners (Kvnr), Advisory Board member of DIMI at Delft University of Technology, Board member of the Netherlands Association of International Contractors (NABU), Supervisory Board member of AutoBinck Group N.V., Supervisory Board member of MARIN (Maritime Research Institute Netherlands), Advisory Board member of DOB-Ecology.

**Niels de Bruijn (born 1963),
Member of the Executive Board since 2013**

- Focus area: Business unit Dredging.
- Additional activities: Supervisory Board member of Mutual Insurance Association (MUNIS), Supervisory Board member of ITM Group.



From left: Jolanda Poots-Bijl, Paul Verheul,
Pieter van Oord and Niels de Bruijn



Composition of the Supervisory Board

N.W. Hoek (born 1956), Chair

Nationality: Dutch

Background: Member of Board of Management (from 1997) and CEO of Delta Lloyd (2001-2015), Founder of Brandaris Capital

Supervisory memberships: Arcadis (Chair), Anthony Veder Rederijzaken B.V., BE Semiconductor Industries N.V.

**J.M.M. van der Ven (born 1953), member**

Nationality: Dutch

Background: Executive Director of MerweOord B.V.

Supervisory memberships: Acta Marine, Rhoon Pendrecht & Cortgene (Chair), Vostermans B.V., Witteveen+Bos (Chair)

**Jac.G. van Oord (born 1946), member**

Nationality: Dutch

Background: Chairman of the Executive Board of Van Oord N.V. (2003-2008), Chairman of the Management Board of MerweOord B.V.

**K. Damen (born 1944), member**

Nationality: Dutch

Background: Chairman of Damen Shipyards Group

**J.M.J.A.P. Laurent Josi (born 1964), member**

Nationality: Belgian

Background: Managing Director of Cobepa (Nederland) N.V.

Supervisory memberships: International SOS, JF Hillebrand, Carmeuse and Bank Degroof

**J.H.R. Kretzers (born 1956), member**

Nationality: Dutch

Background: Shell (1982-2016), Executive Consultant

Supervisory memberships: Van Leeuwen Buizen Groep B.V. (Chair)



Supervisory Board schedule of resignations

Below is the schedule of resignations for the next three years:

	Year first appointed	End of current term
Jac.G. van Oord	2009	2021
J.M.J.A.P. Laurent Josi	2012	2020
J.M.M. van der Ven	2012	2020
K. Damen	2012	2020
N.W. Hoek	2016	2020
R. Kretzers	2018	2022

Management Teams

All business units are governed by management teams and supported by shared departments. The management teams are responsible for managing the business units on a strategic and operational level according to approved strategies and budgets.

Business unit Dredging management team

From left: Director SMD Jaap de Jong, Director E&E Ivar Daemen, Managing Director Dredging Niels de Bruijn, Director Dredging Mark Roelofs, Director F&C Riens Koopman, Director Dredging Martin Smouter and Director Dredging Govert van Oord.



Business unit The Netherlands management team

From left: Manager F&C Ton Huggers, Area Manager Richard Brouwer, Area Manager Guus de Vries, Managing Director The Netherlands Ronald Schinagl, Area Manager Paul Vogelaar, P&O Manager Peter van Loon and Area Manager Carlos Mollet.



Business unit Offshore Wind management team

From left: Director Offshore Wind Theo de Lange, Operations Director Didi te Gussinklo Ohmann, Director E&E Ivar Daemen, Managing Director Offshore Wind Arnoud Kuis, Director Offshore Wind Moritz Horn, Director F&C Ronald Schoffelmeer and Director Offshore Wind Jeroen Kwakernaak.



Business unit Offshore management team

From left: E&E Manager Michiel Kaatman, Director F&C Marlies Janssen, Managing Director Offshore Maurits den Broeder, P&O Manager Susanne Sikkema and Director Offshore Koos van Oord.



Management Committee

The Management Committee consists of the members of the Executive Board, the managing directors of the business units and selected directors.

Department Management

Communication & Markets:

Robert de Bruin



Personnel & Organisation:

John Knoester



Engineering & Estimating:

Ivar Daemen



Procurement & Supply Chain:

Sander Korving



Facility Services:

Bastiaan Kroon



Project Office:

Koos van der Geer



Finance & Control:

Albert-Jan Kroezen



Quality Health Safety & Environment:

Ton van de Minkelis



Information Technology:

Ronald Renes



Ship Management Department:

Jaap de Jong



Legal & Contracts:

Job de Groot



Survey:

Michel Koper



Treasury:

vacancy



Safety

Everyone working at Van Oord, both employees and subcontractors, is expected to take responsibility and deal with safety issues proactively. It is not only our licence to operate, it is also our responsibility. Care for people is deeply rooted in our organisation. Only by working safely together, can we reach our ultimate goal of eliminating all accidents and injuries.

Five years of Safety Leadership

Leadership is key to our safety performance, so in 2013 we launched our Safety Leadership programme with strong support from the Executive Board. Over 1,000 managers attended Safety Leadership courses in which they openly discussed safety issues with the board and how we could improve our performance. This led to safety courses to train competent people who are able to ensure that safety becomes a key factor in the preparation and execution of projects. We also introduced evaluation processes that allow us to learn and improve. Together these elements form a quality loop that makes safety an integral part of our business.

An eye for office safety

One of the most recent initiatives focused on office safety. At our Rotterdam, Gorinchem and Hamburg offices, employees were invited to fill out special Safety Observation Cards. The aim was to encourage and empower everyone to share safety-related observations and suggestions for improvement. This method of promoting safety was already

used in projects and on vessels. Active use of the feedback cards gives us relevant information about working environments across the organisation and enables us to make working conditions even safer.

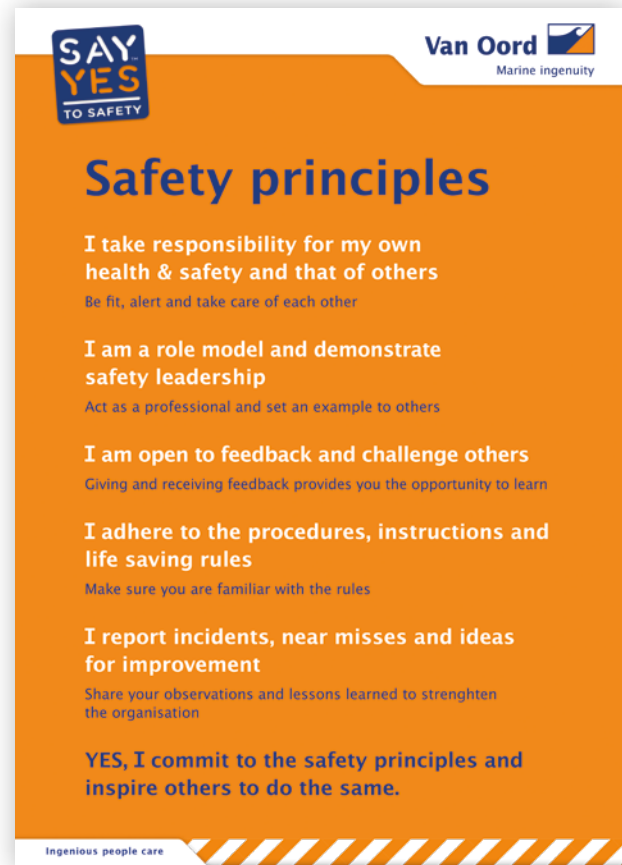
Say YES to Safety

In 2016, we launched our comprehensive Say YES to Safety programme which is closely linked to one of Van Oord's core values: We care. At the heart of the programme are five behaviour-based safety principles that express the proactive safety culture within our company. These principles are strong personal statements that encourage everyone to be aware of safety and take responsibility.

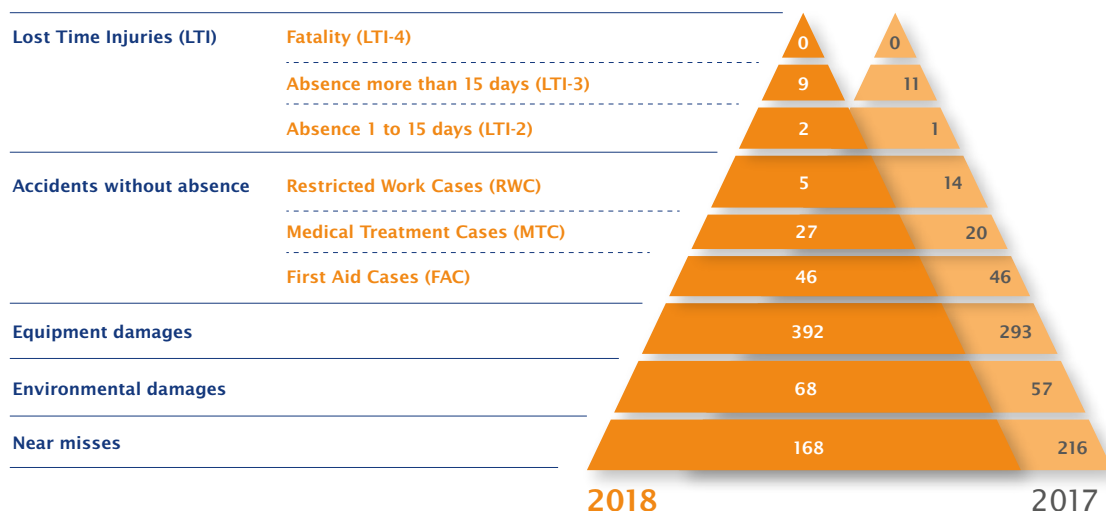
Safety performance

Thanks to our safety programmes, we have seen a steady decline in injuries over the last 10 years. Van Oord has a good safety record with its own people, but in 2018, two major accidents happened which resulted in fatalities among subcontracting personnel. We deeply regret this and, together with our subcontractors and industry partners, we are sharing the lessons learned in order to raise safety standards.

In addition, we are more focused on safety in the design phase of vessels, equipment and projects. This design-to-safety approach is gradually eliminating high-risk activities from our projects.



HSE statistics



Building on success

We have developed a strong in-house training organisation which develops and conducts safety courses and safety kick-off meetings for employees, clients and subcontractors. Complacency is always a pitfall, so we have to keep reiterating our safety message. In 2018, we introduced new e-learning courses and developed more training for project people. The Van Oord General Safety Introduction training was made available as an e-learning course to a large number of employees.

HSE Risk Management training

In 2018, we also developed our own HSE Risk Management training. The training uses a risk management flowchart to show routine, non-routine and high-risk activities, and describes the protocol for each type. The course explains the underlying theory of risk management and provides tips for putting it into practice. 205 employees successfully completed the course in 2018.

Furthermore, since care for people and care for the environment go hand in hand, the introduction of the ISO 50001 energy management standard means that engineering, ship management and project management work together more closely on energy efficiency. This makes us the first company in the industry to focus on energy efficiency in all its operations.

Spreading the word

As a main contractor with a mature safety performance, our next step is to spread the word outside the organisation. We want to inspire the companies we work with to improve their safety performance at both executive and operational levels. Last year's Safety Days with clients and subcontractors set a standard for this by encouraging open discussions about safety. For example, in August 2018, we held an Executive Safety Day at the Deutsche Bucht offshore wind farm project. During this session, participants discussed safety-related dilemmas based on real-life situations. The goal of the meeting was to raise awareness about safety issues, highlight the importance of safety leadership and share ideas for ongoing executive engagement and mutually strengthened relations.



Stories from *the field*

Award for smart safety solution

What's the safest way to remove debris that falls onto the deck after recovering the draghead? That was the challenge the design team of the Vox Amalia faced. Their solution, an automated debris removal system, received the 2018 IADC Safety Award and DPC award.

'The Debris Removal Platform has changed the way crews traditionally remove debris by replacing the manual procedure with an automated system,' says proud award-winner Coen van den Berg. 'The platform reduces the risk of personal injury due to manual handling and eliminates slips and trips. Safety was an integral component of the design process for the Vox Amalia. It was exciting for me and my colleagues to work on innovating an established working method, especially since suction pipe equipment has largely remained unchanged for years.'

The Debris Removal Platform consists of a hydraulically-driven dozer blade that runs on rails with bogies on either side of the platform. When the suction pipe is brought back on board, debris trapped in the draghead falls onto a safe and sustainable KLP® working deck. After the vessel crew has taken out materials such as plastic, scrap, car tyres, etc., the Debris Removal Platform pushes the debris over the side of the vessel.

“ Coen van den Berg, Engineer

'By taking safety into consideration in the design phase, hazardous working conditions during operations can be eliminated or significantly reduced. This is a very effective way of risk control.'





Employee representation

With representatives from different parts of the organisation, the Works Council has an important role to play in our organisation. It acts as the eyes and ears of the company and provides a sounding board for both employees and the Executive Board. In this way, the Works Council influences and tests the policies within Van Oord.

Diverse membership

The Works Council consists of 21 members from different parts of the organisation. They are supported by a formal secretary who is not a member of the Works Council but has a number of important tasks that ensure formal processes run smoothly. Works Council elections are held every four years. To ensure proper representation of various employee interests, candidates are drawn from different electoral groups. Any employee with one year or more of service can stand for election.

Formal meetings

The Works Council meets at least six times a year. It also meets with the CEO and the Director of Personnel & Organisation six times a year. Recurring agenda items include general affairs, the status of investments, HSE topics, quarterly figures and the annual plan. In addition, the Works Council's executive committee meets every two weeks. The full Works Council meets with a delegation from the Supervisory Board once a year. In 2018, Mr Hoek, Chair of the Supervisory Board, was present during the

Works Council meeting in May. Annually, the Works Council undergoes a three-day training programme in October. One day is reserved for training together with the CEO, CFO and other senior managers.

In-depth consultation

Discussions between the Works Council and the Executive Board take place in an open way with respect and understanding for different perspectives and opinions. In order to discuss topics from an informed position and take sound decisions, the Works Council is entitled to request information on particular topics from the Executive Board. The Works Council can also consult internal or external advisors on specialised subjects.

This was particularly important in 2018 when the Works Council was asked to consent to a change in the voluntary pension scheme for employees working on board vessels. With this change, the Executive Board wants to ensure adequate pensions for employees in the long term. The Works Council held consultation meetings with employees who would be affected by the change. After thorough consideration, consent was granted and the Works Council is confident that the new scheme will secure the pensions.

Positive advice

In 2018, the Works Council's advice was requested on adjustments to the stationary fleet that made 19 employees redundant. Although the Works Council deeply regretted these adjustments, it understood the reason for these measures. Despite current market conditions, the Works Council worked to maintain the agreement as previously established, which reflects Van Oord's commitment to social responsibility. In 2018, the Works Council also advised the Executive Board on the acquisition of MPI Offshore. In the opinion of the Works Council, the company is a valuable addition to our offshore wind business which will extend our offshore wind fleet, bring skilled and experienced staff into the organisation and strengthen our market position, particularly in the UK.

A new era

In May 2019, Jan Verwijs will retire after 50 years at Van Oord. From 2001 to 2017, Jan chaired the Works Council and, since the last elections in October 2017, has acted as a senior advisor to ensure a smooth handover to the new Works Council. After the new Chair had to step down after a year in post, Kees Paans took on the role in October 2018. Since the Works Council's current age profile is 38 years or older, in 2018 two employees under 32 years old were chosen to sit in on meetings and bring a younger perspective. With a new Chair and a fresh outlook, the Works Council is looking forward to the start of a new era in 2019.

Corporate Governance

The Executive Board is responsible for the company's corporate governance structure. They are accountable to the Supervisory Board and the General Meeting of Shareholders.

Structure

Van Oord N.V. has voluntarily applied a mitigated two-tiered corporate structure. Van Oord N.V. has a two-tier board consisting of the Executive Board and the Supervisory Board, which conducts oversight. Contrary to the regime applied under the full two-tiered corporate structure, it is the General Meeting of Shareholders, and not the Supervisory Board, that appoints the members of the Executive Board. In the event of an Executive Board vacancy, the Supervisory Board proposes a candidate for appointment by the General Meeting of Shareholders.

In 2018, Van Oord introduced a business-unit-based structure. The business units are governed by management teams and supported by shared departments. These departments create flexibility and ensure knowledge-sharing across departments.

Executive Board

The Executive Board is responsible for managing Van Oord as a whole in terms of the company's long-term goals. This means that the Executive Board is responsible for achieving

the company's targets, for its strategy (including the relevant risk profile), for its financial results, and for its operations including the socially relevant aspects. In assuming its responsibilities, the Executive Board focuses on the interests of the company and its associated operations and considers the interests of the company's stakeholders. The Executive Board has one focal point of contact per business unit and department. The Executive Board is accountable to the Supervisory Board and the General Meeting of Shareholders. The Executive Board provides the Supervisory Board with all the information required.

The Executive Board is responsible for complying with all relevant legislation, for managing the risks associated with operational activities, and for the company's finances. The Executive Board reports on these matters and discusses internal risk management and monitoring systems with the Supervisory Board. The Executive Board consists of four managing directors appointed under the company's articles of association. Its members meet at least once every 14 days.

Supervisory Board

The Supervisory Board oversees the policies of the Executive Board and the general course of events in the company and its associated operations. It also advises the Executive Board. In assuming its duties, the Supervisory Board focuses on strategic, operational and other interests while also considering the interests of the company's stakeholders where relevant and appropriate. The Supervisory Board further considers relevant aspects of the company's operations. The Supervisory Board is responsible for the quality of its own activities.

Each of the supervisory directors is qualified to express an opinion on the main outlines of overall policy, and each one also has the specialist expertise to fulfil the tasks appropriate to his or her role within the Supervisory Board's profile. The Supervisory Board's composition allows it to fulfil its tasks properly. The Supervisory Board strives to achieve diversity in its composition, for example with respect to gender and age. A supervisory director is only reappointed after careful consideration. The profile referred to above is taken into account even in the case of a reappointment.

The Chair of the Supervisory Board ensures that the board and its committees perform satisfactorily. He or she serves as the board's main point of contact for the Executive Board and for shareholders regarding the performance of both the Executive Board and the supervisory directors. As Chair, he or she ensures that the General Meeting of Shareholders proceeds in an orderly and efficient manner.

The Supervisory Board has at least five members and meets at least six times a year. The Supervisory Board has a separate Audit Committee and a separate Human Resources Management Committee.

The General Meeting of Shareholders determines the remuneration of the Supervisory Board. A supervisory board member's remuneration is not based on the company's financial results.

Conflicts of interest

If a conflict of interest arises involving a member of the Executive Board and/or a supervisory board member, the procedure described in Book 2 of the Dutch Civil Code applies.

Limitation schemes

When candidates are nominated for appointment or reappointment to the Executive Board or as a supervisory director, the number of board positions that they currently fill is a point of consideration (to avoid 'overboarding'). The relevant rules are adhered to in this regard.

Diversity in Executive Board and Supervisory Board

A balanced spread of seats exists within the Executive Board and the Supervisory Board if at least 30% of the positions are held by women and at least 30% by men. At the current time, 25% of our Executive Board positions are held by women. The 30% target also applies to the Supervisory Board, but has not been reached at the present time. In future nominations and appointments, the Executive Board and the Supervisory Board will consider both the candidates' suitability for the position as well as the 30% target.

General Meeting of Shareholders

The shareholders are involved in the company and participate fully in decision-making at the General Meeting of Shareholders. The General Meeting of Shareholders influences the Executive Board and Supervisory Board's policy and plays a vital role in the company's system of checks and balances. Executive Board decisions concerning a major change in the identity or nature of the company or its operations, and other important decisions (for example capital expenditure exceeding EUR 100 million), are subject to the approval of the General Meeting of Shareholders.

Management teams

Van Oord has a business-unit-based structure as of 2018. The business units Dredging, the Netherlands, Offshore Wind and Offshore are governed by management teams and supported by shared departments. The management teams are responsible for managing the business units on a strategic and operational level according to approved strategies and budgets.

Management Committee

The Management Committee consists of the members of the Executive Board, the managing directors of the business units and selected department directors. It meets at least five times per year; meetings are chaired by the CEO. The primary purpose of the meeting is to exchange views and information between the Executive Board, management teams and departments and to be a sparring partner to the Executive Board on all relevant strategic topics.

External auditor

The General Meeting of Shareholders is required to order the annual accounts to be audited each year. The appointment of the external auditor is listed as a separate item on the agenda for the annual meeting.

Works Council

Van Oord's Works Council has 21 members and meets six times a year with the CEO. The Works Council's Executive Committee meets every other week.

Corporate Governance Code 2016

From 2018 onwards, companies listed on the Dutch stock exchange have been required to report on their compliance with the Corporate Governance Code 2016 in the 2017 financial year. The principles set out in the code also provide standards of good internal governance for organisations other than listed companies. Van Oord N.V. (Van Oord) has indicated that, where relevant, it endorses these principles as much as possible.



Impressive milestone for the Nordnes

In the early morning of 30 October 2018, the flexible fallpipe vessel Nordnes reached the incredible milestone of having installed 15 million tonnes of rock. This was 13 years after the vessel installed its first rocks. The milestone was achieved at the Nord Stream 2 project, where the Nordnes was executing post-lay subsea rock installation for the new pipeline through the Baltic Sea. The Nord Stream 2 pipeline will transport natural gas from Russia to Germany, ensuring gas supply to Europe.



Risk Management

As the pace of change accelerates due to geopolitical tensions, economic strains, increasing regulatory complexities, the energy transition, digital transformation and other factors, our risk profile changes. This makes effective risk management increasingly important. Risk management enables us to respond effectively to threats, seize opportunities, achieve regulatory compliance, preserve and enhance our value and reputation, and improve decision-making.

Enterprise Risk Management Framework

Our Enterprise Risk Management Framework (ERMF) is the basis for identifying, assessing and managing risks associated with business and strategic decisions. Through this approach, we can deal effectively with uncertainty and associated risks (both threats and opportunities), improve understanding of the key risks facing our organisation, support our innovation drivers and improve informed risk-taking and decision-making.

The shift to a knowledge-driven company has an impact on the way we manage and control our risks. It is increasingly important to identify the risks associated with our business objectives and strategies. Management controls risks as part of their day-to-day activities and is required to conduct robust assessments.

The following factors are taken into consideration:

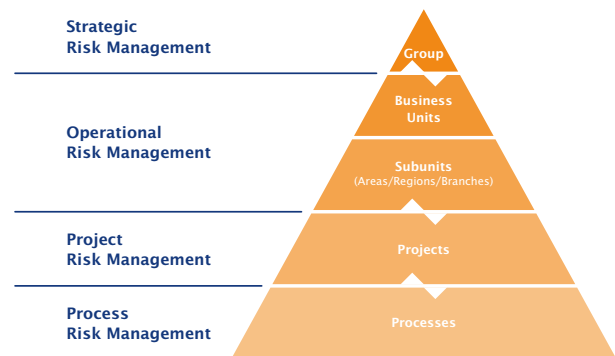
- The nature and extent of risks, including emerging risks
- Risk appetite and risk tolerance
- The likelihood
- The impact
- The mitigation strategies implemented to manage the risk
- The monitoring processes to determine and respond to the effectiveness of mitigation strategies

Stage gate procedure

Van Oord's stage gate procedure is fundamental to managing risks in our order book. Projects are processed through various stage gates based on the complexity, size and risk profile. Through this process, risks that may influence the success of a project are identified and managed. The stage gate procedure also includes several approval rounds, depending on the risk profile.

The procedure follows a governance structure based on project categories in order to ensure projects are reviewed and approved by the right level of management.

Bids for major projects and/or projects involving exceptional risk are submitted and presented to the Executive Board and, if they represent EUR 50 million or more, the Supervisory Board for prior approval.



Risk overview 2018

Our ERM Framework



Strategic risks

The urgency of facing up to systemic challenges has intensified over the past year amid proliferating signs of uncertainty, instability and fragility. Major events like the US-China trade war, the upcoming Brexit, ongoing sanctions against Russia and large oil price fluctuations sap confidence and place a growing strain on many of the global systems we rely on.

Our balanced international order book provides a degree of natural mitigation for some of these significant geopolitical risks and uncertainties. Furthermore, in 2018, we focused on business development, expanded our global footprint and created strategic partnerships.

Project and operational risk

As our projects become increasingly complex and integrated, project risks and responsibilities are (partially) shifted to the contractor. To successfully manage these projects, our organisation is shifting from an asset-based company to a more knowledge-driven company. The award of projects like the Afsluitdijk, the A16 motorway and the Borssele III & IV offshore wind farm (equity stake) only highlight this transition. We focus on taking responsible risks and continuously improving our business processes to offer clients the best value. Our aim is to ensure the long-term continuity and growth of our business.

At one of our offshore wind projects, we were confronted with a major setback due to quality issues with the materials procured. This resulted in a project delay with a negative financial impact. Van Oord is in close cooperation with the client to evaluate and learn from the event and prevent further losses.

Pending contract negotiations, we have decided to take a substantial contract out of our order book. This decision has been made in line with our risk appetite.

The increasing complexity, competition, digitalisation and social responsibility also have an impact on our staff. People with the right learning agility, competencies and skills are crucial to ensure a successful future for Van Oord and to realise the shift to a more knowledge-driven company. We have intensified recruitment campaigns, increased outside-in knowledge and further improved employee training and development programmes through the Van Oord Academy. The rise of big data, data disruptions and increasing

cybersecurity risks in combination with the high value data we produce every day, is driving Van Oord to becoming a digital frontrunner in our industry. By connecting and optimising data-based decision-making, we can continuously improve our competitive position and seize new opportunities. Van Oord increases security awareness through campaigns and training. In 2018, we further focused on aligning our IT strategy with our business strategy and further improved IT infrastructure and architecture.

Financial risks

The segmentation and global spread of our business activities exposes Van Oord to a variety of financial risks. These include financing risks, liquidity risks, credit risks, interest rate risks, currency risks and taxation risks. To manage these, we take out export credit insurance, secure bank guarantees, specify payment conditions, conduct due diligence, engage in hedging, and keep track of tax legislation and other initiatives.

In 2017, we launched the MI-7 finance transformation programme which focuses on fixing the fundamentals while moving forward towards a professional, lean, future-proof and agile finance organisation. One of the workstreams within the programme focuses on further optimising risk management and control within the organisation, ensuring that our business understands the risks (both threats and opportunities) we are exposed to and that risk management is an integral part of decision-making. In 2018, as part of the MI-7 finance transformation programme, we implemented our Enterprise Risk Management Framework (ERMF).

Compliance risks

Compliance with local and international laws and regulations is vital for Van Oord. To ensure sound and effective compliance risk management, our Compliance Enhancement Programme (CEP) enhances the fundamentals of compliance to ensure the company's continuity. We use a compliance risk management framework to check all relevant components of our compliance:

- Governance
- Risk assessment
- Policies and procedures
- Communication and training
- Reporting and monitoring

In 2018, we further rolled out the CEP and focused on communication and training. This included dilemma meetings across the world to raise awareness and facilitate open discussion about potential compliance issues. Furthermore, in 2018, we sharpened our Agent Policy to ensure that our agent contracts and fees comply with relevant laws, regulations and internal guidelines and that these are properly administered and documented with a clear audit trail.

Controls

Risk management within Van Oord is integrated in our primary and support processes and is part of our Van Oord Management System (VOMS). The Executive Board is responsible for the effective operation of risk management within the company. The Supervisory Board monitors the risk management system and execution.

Our risk management focuses on identifying and managing external and internal risk factors so that we can achieve our objectives with a reasonable degree of certainty. The COSO Enterprise Risk Management 2017 framework largely forms the basis for this along with current legal requirements. However, risk management is not just a matter of systems, it is also about behaviour. Our core values and standards help to align the behaviour of individual employees with the risk profile of the organisation.

Every business unit and department identifies and reports their most important risks, both threats and opportunities, on a regular basis. The Executive Board discusses and evaluates this information every quarter with the responsible directors and managers. The Supervisory Board oversees our approach to risk management and monitors commercial and financial developments. For this purpose, the Supervisory Board receives a consolidated management report every quarter.



Compliance

As a company operating around the globe, Van Oord not only has to comply with Dutch laws and regulations but also a variety of local and international laws and regulations. Legislation and regulations change constantly, so it is imperative for us to maintain a dynamic compliance system. In addition, regulators, enforcement agencies, banks, auditors and other stakeholders are paying increasing attention to compliance issues such as bribery, corruption, fraud, competition and sanctions and export controls. A robust compliance programme therefore provides protection for both Van Oord and our employees.

Code of Conduct

Van Oord's Code of Conduct sets out the core values, responsibilities and rules of behaviour that every employee is expected to follow. The values that we share and the way we behave allow us to stand out in the market and to show that we conduct business in a responsible and sustainable manner. In conjunction with the Code of Conduct, there are specialised policies relating to different areas of compliance.

Compliance Enhancement Programme

Our Compliance Enhancement Programme (CEP) is based on our Code of Conduct and aims to continuously enhance our compliance measures in line with external guidelines and changing legislation in order to ensure the company's continuity. The CEP does this by continuous communication of our compliance policies, training people in these and monitoring adherence. In 2018, we continued to roll out the CEP so that meeting compliance obligations becomes a regular, automatic part of our day-to-day business. We also made all our compliance policies available on the Van Oord intranet.

Agent policy

In addition to having management teams in several parts of the world, we also work with agents who help us win and execute contracts. Some countries require us to employ an agent to provide local support. Agents usually receive a percentage of the contract price for their work, sometimes in the form of a success fee. This relationship can involve an increased risk of non-compliance. To mitigate the risks associated with working with agents, we have established an Agent Policy and conduct regular activities and checks to ensure adherence across the company.

In 2018, we updated our Agent Policy to make it more comprehensive. It includes standard agent self-certifications and a new standard agent contract that places more emphasis on compliance with UN and OECD guidelines as well as other relevant legislation and regulations.

Reporting of Concerns Policy

Van Oord is committed to maintaining a good working environment and an open culture where concerns about conduct can be discussed and corrected. At any time, employees can report concerns to their immediate manager, the Trusted Independent Persons, or the Compliance Officer, who are designated to fulfil this role within the company. Van Oord guarantees that anyone reporting concerns properly and in good faith will be protected against negative consequences. In 2018, we updated the Reporting of Concerns Policy so that it distinguishes between concerns about general application and concerns related specifically to individuals. We also set up an e-mail address, reportingconcerns@vanoord.com, so that employees have one point of contact for reporting concerns. One concern of general application was received and subsequently withdrawn by the reporter. One concern related specifically to an individual was received and subsequently withdrawn.

Competition Policy

Competition law aims to ensure fair and active competition between enterprises and Van Oord fully endorses this objective. To ensure compliance with the Code of Conduct and the rules of competition law, Van Oord formalised its Competition Policy in 2018. Van Oord and its companies operate in Europe and must therefore comply with EU rules as a corporate group. Since Van Oord is also active outside the EU, we need country-specific supplements to the Competition Policy. In 2018, we produced a supplement for a local market and expect to draw up supplements for other countries in 2019.

Sanction and Export Policy

Van Oord is committed to comply with all applicable trade control laws and regulations of the jurisdictions in which we operate. As a result, all shipments must be reviewed for compliance before they are shipped or released. All employees are expected to consult a member of the Procurement & Supply Chain department and, if necessary, the Legal department if they encounter any non-compliant shipment of goods or technology. In order to achieve this, Van Oord provides dedicated resources to manage export control awareness and compliance where applicable throughout our business worldwide. In 2018, we provided training on our Sanction and Export Policy to selected employees so that they are fully aware of the policy and know how to apply it correctly. The Sanction and Export Policy will be updated in 2019.

Supplier Code of Conduct

Our Code of Conduct sets out the values, responsibilities and rules of behaviour for all our employees, subsidiaries and joint ventures. Because we expect our suppliers to adhere to a similar set of principles, we have established a Supplier Code of Conduct which describes the standards we require of our suppliers and their supply chains. These standards should be seen as 'best practice'. Depending on the size and nature of their business, we also expect our suppliers to have management systems in place that support compliance with applicable laws and regulations.

Anti-Bribery & Anti-Corruption Policy

Van Oord is committed to conducting business in an honest way, without using corrupt practices or bribery to gain an advantage. As such, Van Oord aims to ensure adherence to applicable anti-bribery and anti-corruption standards. Our Anti-Bribery and Anti-Corruption Policy stipulates what constitutes bribery and corruption and which rules apply. The policy applies to all Van Oord employees, as well as its representatives and business partners.

Dilemma meetings

In the highly demanding and complex climate in which we operate, our staff can face dilemmas where there is no clear right answer. In 2018, Van Oord held six dilemma meetings in Jakarta, Rio de Janeiro, Dubai and the Netherlands. Participants included senior local management, members of the Executive Board, the Compliance Officer and an external professional. During these sessions, they discussed several dilemmas related to our policies and real-life situations.

The goal of the meetings was to raise awareness about compliance issues and inform participants of our procedures and how they can get help and guidance if they encounter these situations. More meetings are planned in 2019.

Compliance enhancement in 2019

In 2019, the CEP will continue with updates, for example to our Supplier Code of Conduct. We will look at supplier due diligence, develop plans to prevent fraud proactively and implement an improved Undesirable Behaviour Policy related to our Reporting of Concerns Policy. We will also issue supplements to the Competition Policy and Anti-Bribery and Anti-Corruption Policy for the UK. In addition, we will introduce e-learning for the Code of Conduct and Anti-Bribery and Anti-Corruption Policy, and set up a compliance audit programme within Van Oord.



5 Financial statements

Consolidated balance sheet (before appropriation of profit)

(x EUR 1,000)

The numbers next to the items refer to the corresponding numbers in the notes.

		31 December 2018	31 December 2017
Fixed assets			
Intangible fixed assets	1.	47,256	52,882
Tangible fixed assets	2.	1,682,116	1,630,154
Financial fixed assets	3.	22,625	51,725
		<u>1,751,997</u>	<u>1,734,761</u>
Current assets			
Stock		39,671	39,065
Receivables	4.	451,825	440,074
Cash at bank and in hand	5.	286,716	315,753
		<u>778,212</u>	<u>794,892</u>
Total assets		2,530,209	2,529,653
Shareholders' equity	6.	998,967	943,481
Provisions	7.	285,152	269,396
Long-term liabilities	8.	207,319	411,600
Current liabilities			
Work in progress	9.	81,934	307,104
Other liabilities	10.	956,837	598,072
		<u>1,038,771</u>	<u>905,176</u>
Total shareholders' equity and liabilities		2,530,209	2,529,653

Consolidated profit and loss account

(x EUR 1,000)

The numbers next to the items refer to the corresponding numbers in the notes.

		2018	2017
Net turnover	11.	1,876,162	1,530,265
Costs	12.	-1,423,321	-1,107,883
Depreciation of tangible fixed assets	2.	-150,234	-147,319
Amortisation of intangible fixed assets	1.	-11,002	-10,493
Total cost of work		-1,584,557	-1,265,695
Gross profit		291,605	264,570
General and administrative expenses	13.	-149,547	-141,010
Operating profit		142,058	123,560
Net interest expense	14.	-44,618	-24,637
Profit before taxation		97,440	98,923
Income taxes	15.	-8,367	-29,808
Share in result of participating interests	3.	3,024	9,125
Net profit		92,097	78,240

Consolidated cash flow statement

(x EUR 1,000)

	2018	2017
Cash at bank and in hand at 1 January	315,753	279,955
Cash flow from operating activities	127,689	178,168
Cash flow from/(used in) investing activities	-120,115	-102,723
Cash flow from/(used in) financing activities	-34,042	-38,825
Net cash flow	-26,468	36,620
Exchange and translation gains and losses	-2,569	-822
Increase/(decrease) cash at bank and in hand	-29,037	35,798
Cash at bank and in hand at 31 December	286,716	315,753
Operating profit	142,058	123,560
Adjusted for:		
Depreciation of tangible fixed assets	150,234	147,319
Amortisation of intangible fixed assets	11,002	10,493
Result on sale of participating interests	-33,157	-
Changes in working capital		
- Decrease/(increase) stock	-606	-3,558
- Decrease/(increase) receivables	-1,319	56,164
- Increase/(decrease) work in progress	-225,170	-82,892
- Increase/(decrease) other liabilities	122,765	-47,865
	-104,330	-78,151
Changes in provisions	4,756	53,738
Cash flow from business operations	170,563	256,959
Interest paid	-24,408	-25,847
Income tax paid	-18,466	-52,944
Cash flow from operating activities	127,689	178,168
Acquisition/business combination	-86,000	-
Additions to tangible fixed assets	-122,500	-143,046
Divestments of tangible fixed assets	6,304	34,096
Investments in financial fixed assets	-9,216	-
Receipts from financial fixed assets	91,297	6,227
Cash flow from/(used in) investing activities	-120,115	-102,723
Dividend paid	-34,042	-38,825
Changes in long-term liabilities	-	-
Cash flow from/(used in) financing activities	-34,042	-38,825

Accounting principles

General

Van Oord N.V. (Chamber of Commerce number 24355843) has its registered office in Rotterdam, Schaardijk 211 3063 NH, the Netherlands, and is the holding company owning the shares of the Van Oord group companies. The financial statements have been prepared in accordance with generally accepted accounting principles in the Netherlands (Dutch GAAP) and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

Reporting period

The financial statements cover the financial year ending on 31 December 2018.

Reporting currency and functional currency

The financial statements are presented in Euros (EUR), which is the company's functional currency. All financial information is presented in EUR (rounded to the nearest thousand), unless otherwise stated.

Basis of consolidation

The consolidated financial statements include the financial information of Van Oord N.V. and its wholly owned group companies using the full consolidation method. Participating interests and contracting consortiums are consolidated proportionally, provided that the company exercises at least the same influence on policy as each of the other participants. Joint and several liability for the commitments of contracting consortiums is taken into account if necessary. The abbreviated company profit and loss account is prepared in accordance with Section 402 of Part 9 of Book 2 of the Dutch Civil Code.

Acquisitions

Acquisitions are recognised using the purchase accounting method, whereby the acquired party's identifiable assets and liabilities as at the date of acquisition are recognised in the consolidated balance sheet at fair value based on the policies of Van Oord. The difference between the acquisition price and the fair value of all of the acquired party's identifiable assets and liabilities is recognised by Van Oord as goodwill in the consolidated balance sheet.

Overview of most important group companies

Group companies 100%

Van Oord Dredging and Marine Contractors B.V.	Rotterdam
Van Oord Offshore Wind B.V.	Gorinchem
Van Oord Offshore B.V.	Gorinchem
Van Oord Nederland B.V.	Rotterdam
Van Oord Equipment B.V.	Gorinchem
Van Oord Finance B.V.	Rotterdam

A list of participating interests and contracting consortiums included in the consolidation has been filed at the offices of the Chamber of Commerce in Woerden (the Netherlands) in accordance with section 379 and section 414 of Part 9 of Book 2 of the Dutch Civil Code. The list also indicates for which companies Van Oord N.V. has have filed declarations of joint and several liability with the Chamber of Commerce and includes contracting consortiums in the Netherlands (VOF's) for which the company is jointly and severally liable for the non-consolidated part of the liabilities.

Foreign currency translation

Balance sheet items of foreign group companies denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Income and expenses in foreign currencies, to the extent that these are hedged by forward exchange transactions, are translated at the forward exchange rates. All other items are translated at average exchange rates or at the exchange rates ruling at the balance sheet date. Other exchange gains or losses are taken to the profit and loss account directly. Translation differences arising on the translation of foreign participating interests are taken to reserves.

Accounting policies

Estimates and assumptions

The preparation of financial statements requires management to make judgements, assumptions and estimates which affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. Estimates and related assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods if affected by the revision.

The most critical accounting policies in presenting the financial position and which require estimates and assumptions are those applying to the valuation of:

- Tangible fixed assets
- Receivables
- Work in progress
- Provisions

At each reporting date the company assesses whether there is objective evidence that an asset or group of assets is impaired. In case of such evidence, the value-in-use is calculated with the discounted future cash flow method which are derived from cash flow projections included in management-approved projections for a period of five years. These are extrapolated for the later years with a constant growth rate and discounted against the estimated discount rate. The cash flow projections contain various assumptions and estimates of future expectations. The value-in-use is sensitive for the used discount rate, expected future cash flows and growth rates.

With regard to work in progress, Van Oord has substantial contracts in progress and in its order book which, by their nature, are potentially high-risk due to their size, complexity, and (long) duration. These projects are accounted for using best estimates of: the degree to which project turnover is achievable (allowing for contract variations), project expenses, and the expected profit on any contractually related maintenance phase. Because of their size, complexity and (long) duration, projects may also have a relatively large impact on the company's result. Project turnover, project expenses and hence the result made on projects at the time of completion may differ substantially from current estimates, amongst others as a consequence of negotiations with customers.

Financial instruments

Financial instruments include both primary financial instruments, such as receivables, payables and derivative financial instruments. All purchases and sales of financial assets made according to standard market conventions are recognised as at the transaction date, being the date on which the group enters into a binding agreement. For the accounting policies applicable to primary financial instruments, please refer to the relevant individual balance sheet items. For the valuation and recognition of derivatives, please refer to the section 'Derivatives and hedge accounting'.

Intangible fixed assets

Goodwill is the difference between the purchase price for newly acquired participating interests and the value of the company's share in the fair value determined in accordance with the Van Oord N.V. accounting policies. Goodwill is amortised on a straight line based on its expected useful economic life.

Tangible fixed assets

Tangible fixed assets are stated at the lower of cost and net realisable value, less straight-line depreciation and/or impairments based on their expected useful economic lives as stated in the notes to the consolidated balance sheet. Investments made during the year are depreciated from the date of purchase.

Financial fixed assets

Participating interests are stated at the lower of the proportional share of their net asset value determined in accordance with the accounting policies of Van Oord N.V. and net realisable value. Long-term receivables are stated at amortised cost.

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available for set-off, for which the group assesses the availability of deferred tax liabilities set-off, the possibility of planning of fiscal results and the level of future taxable profits in combination with the time and/or period in which the deferred tax assets are realised.

Stock

Raw materials and consumables are stated at the lower end of cost and net realisable value. Van Oord applies the first-in/first-out system.

Receivables

Receivables are stated at amortised cost, net of provisions for doubtful debts where necessary.

Cash at bank and in hand

Cash at bank and in hand is stated at nominal value.

Provisions

Provisions are stated at the nominal value of the expenditures expected to be required to settle the liabilities or losses. If some or all of the expenditures required to settle a provision is likely to be reimbursed by a third party at the time when the provision is settled, the reimbursement is separately recognised as an asset. A provision is recognised in the balance sheet if:

- a present obligation (legal or constructive) has arisen as a result of a past event
- the amount can be estimated reliably; and
- settlement of the liability is likely to result in an outflow of resources

Long-term liabilities

Long-term liabilities are stated at amortised cost.

Work in progress

Work in progress relates to contracts with third parties and is stated at cost, plus attributed profit, minus the realisable value of work completed.

Cost comprises of direct project costs (such as the costs of staff directly involved in the project, costs of materials, subcontractor fees and charges for equipment), expenses attributable to general project activities and the project, and other costs contractually allocable to the customer.

Profit is accounted for on the basis of the technical progress of the work once this profit can be estimated reliably. The realisable value of work completed comprises the total work in progress instalments charged, and work completed but not yet invoiced. A provision for expected losses is deducted from the balance of work in progress.

Other liabilities

Other liabilities are stated at amortised cost.

Pensions

The principal pension plan is a collective defined contribution plan. Based on this plan, Van Oord will allocate a fixed contribution annually. If the plan cannot be administered from the available funds, then the employer will not be accountable, but rather the participants as a group will bear the shortfall via lower pension entitlements. The defined contribution group scheme is administered by a pension insurance company. The guiding principle is that annual pension charges are equal to the pension contributions payable to the pension administrator. A liability is recognised in so far as the contribution payable to the pension administrator has not been paid at the balance sheet date.

Derivatives and hedge accounting

Van Oord N.V. uses financial instruments ('derivatives'), such as forward currency contracts and (cross-currency) interest rate swaps, to hedge against risks associated with fluctuations in currencies and interest rates. Van Oord carries these instruments at cost and applies cost price hedge accounting. Hedge relationships have been documented and are pre-reviewed for expected effectiveness. Effectiveness is reviewed on a regular basis. If the critical elements of the derivative and the hedged item are not the same, a certain degree of ineffectiveness is assumed and a quantitative ineffectiveness measurement is required. If that measurement reveals that the cumulative negative change in fair value of the hedging instrument is higher in absolute terms than the opposite change in fair value of the hedged item, then ineffectiveness exists, which will be directly recognised in the profit and loss account as a loss.

Income and expenses

Turnover

Net turnover represents the value of the work carried out in the year plus the profit on work completed in the year and income from some trading activities.

Costs

Costs are determined in accordance with the accounting policies set out above and are allocated to the financial year to which they relate.

Employee benefits

Employee benefits and social charges are charged to the profit and loss account in the period in which the employee services are rendered.

Share in result of participating interests

The share in the result of participating interests consists of the share of the group in the results of these participating interests.

Income taxes

Income taxes are calculated on the basis of the result disclosed in the profit and loss account, taking into account current tax facilities and deferred tax assets and liabilities. Together with its Dutch group companies, the company constitutes a fiscal unity. Taxes are settled within this fiscal unity as if each company were an independent taxable entity.

Cash flow statement

The cash flow statement is prepared on the indirect method. The liquidities included in the cash flow statement comprise cash at bank and in hand. Cash flows in foreign currencies are translated at an average exchange rate. Transactions where no cash is exchanged are not included in the cash flow.

Notes to the consolidated balance sheet

(x EUR 1,000)

The figures shown in brackets are the corresponding figures for the previous financial year.

Assets

1. Intangible fixed assets

	2018	2017
Book value at 1 January	52,882	63,375
Goodwill paid	10,976	-
Disposals	-5,600	-
Amortisation	-11,002	-10,493
Book value at 31 December	47,256	52,882
Cost	164,681	160,705
Accumulated amortisation	117,425	107,823

Intangible fixed assets fully relate to goodwill. Goodwill is amortised over the period in which the economic benefits attributable to the asset are deemed to flow to Van Oord. The maximum amortisation period is 20 years.

The goodwill paid in 2018 relates to the acquisition in October of MPI Offshore, a specialist offshore wind installation contractor, from Vroon Group. The acquisition includes the MPI Offshore organisation in Stokesley (United Kingdom), the vessels MPI Adventure and MPI Resolution, and associated crew. Van Oord also acquired contracts related to offshore wind farms.

2. Tangible fixed assets 2018

	Land and buildings	Floating and other contracting equipment	Vehicles, fixtures and fittings	Assets under construction	Total
Book value at 1 January	85,720	1,155,126	13,927	375,381	1,630,154
Additions	-	3,572	6,669	112,259	122,500
Acquisitions	-	86,000	-	-	86,000
Assets taken into operation and other changes	486	259,070	-26	-259,739	-209
Disposals	-828	-4,870	-323	-74	-6,095
Depreciation	-3,842	-141,449	-4,943	-	-150,234
Book value at 31 December	81,536	1,357,449	15,304	227,827	1,682,116
Cost	113,218	3,133,633	68,988	227,827	3,543,666
Accumulated depreciation	31,682	1,776,184	53,684	-	1,861,550
Depreciation period in years	8 - 25	4 - 20	5 - 10		

Tangible fixed assets 2017

	Land and buildings	Floating and other contracting equipment	Vehicles, fixtures and fittings	Assets under construction	Total
Book value at 1 January	77,521	1,277,710	12,125	301,167	1,668,523
Additions	272	19,447	6,643	116,684	143,046
Assets taken into operation and other changes	11,761	29,639	978	-42,470	-92
Disposals	-206	-32,245	-1,553	-	-34,004
Depreciation	-3,628	-139,425	-4,266	-	-147,319
Book value at 31 December	85,720	1,155,126	13,927	375,381	1,630,154
Cost	114,544	2,828,900	63,623	375,381	3,382,448
Accumulated depreciation	28,824	1,673,774	49,696	-	1,752,294
Depreciation period in years	8 - 25	4 - 20	5 - 10		

Acquisitions in 2018, amounting to a total of EUR 86 million, relate to the acquisition of MPI vessels.

The insured value of tangible fixed assets at year-end 2018 amounted to EUR 3.2 billion (EUR 3.0 billion).

Assets under construction are not depreciated, unless the recoverable amount of the assets under construction is lower than the carrying amount, which was not the case in 2018. Upon first use, these assets are properly categorised and depreciated in accordance with the accounting policies stated above.

	2018			2017	
3. Financial fixed assets	Participations	Loans	Deferred tax assets	Total	Participations
Balance at 1 January	51,725	-	-	51,725	48,828
Acquisitions	8,283	933	-	9,216	-
Dividend received	-13,148	-	-	-13,148	-5,451
Share in results	3,024	-	-	3,024	9,125
Disposals	-40,789	-	-	-40,789	-55
Other changes	-133	1,530	11,200	12,597	-722
Balance at 31 December	8,962	2,463	11,200	22,625	51,725

The disposals include the sale of our share in Gemini.

Other changes include the recognition of deferred tax assets in relation to tax losses carry forward.

4. Receivables	2018	2017
Trade debtors	240,840	251,264
Other receivables	198,792	145,821
Prepayments and accrued income	12,193	42,989
	<u>451,825</u>	<u>440,074</u>

The total of the accounts receivable is after deduction of a provision for bad debts of EUR 40 million (EUR 42 million).

5. Cash at bank and in hand	2018	2017
Cash, giro and bank	266,421	309,198
Deposit accounts	20,295	6,555
	<u>286,716</u>	<u>315,753</u>

Of the total of cash at bank and in hand, EUR 41 million (EUR 31 million) relates to proportionally consolidated contracting consortiums and participating interests and is therefore not at free disposal of the company. Deposit accounts are immediately available to the company.

Liabilities

6. Shareholders' equity

Statement of changes in shareholders' equity of Van Oord N.V.:

	2018	2017
Shareholders' equity of Van Oord at 1 January	943,481	904,888
Consolidated net profit attributable to Van Oord N.V.	92,097	78,240
Translation differences arising on foreign participating interests	-2,569	-822
Total direct changes in shareholders' equity of Van Oord N.V.	-2,569	-822
Total profit of the legal entity	89,528	77,418
Dividend	-34,042	-38,825
Total changes in shareholders' equity	-34,042	-38,825
Shareholders' equity of Van Oord N.V. at 31 December	998,967	943,481

For further details, please refer to the notes to the company balance sheet, under c.

7. Provisions

	1 January 2018	Addition	Utilisation	Release	31 December 2018
Regular maintenance of fixed operating assets	122,427	103,894	99,536	717	126,068
Tax liabilities	125,434	39,574	1,207	18,017	145,784
Warranty obligations	21,535	-	7,021	1,214	13,300
	269,396	143,468	107,764	19,948	285,152

The provision for regular maintenance of fixed operating assets is formed for systematic maintenance of equipment. The provision for tax liabilities is intended mainly to settle tax liabilities, arising during the year and prior years, which may lead to tax payments in future reporting periods.

The provision for warranty obligations covers estimated obligations for completed construction contracts.

All provisions are generally long-term in nature.

8. Long-term liabilities

In 2011, a US Private Placement in the amount of the equivalent of USD 501 million was arranged in order to extend and partially replace existing credit lines. The US Private Placement has 4 tranches with terms of 8, 10, 12 and 15 years and is converted into EUR 359 million using a cross-currency swap.

In December 2018 a prepayment notification was sent to the noteholders for the prepayment of 50% of the outstanding US Private Placements. The prepayment will be effectuated as per 1 March 2019. In addition, the related (cross-currency) interest rate swaps will be settled with the prepayment of the loans. As a consequence of the above, in 2018 the one-off charges amounted to EUR 27.2 million which are included in interest expenses (we refer to note 14).

The reduction in long-term liabilities by EUR 204 million mainly arose from the reclassification of the short-term portion of the US Private Placements to current liabilities (EUR 231 million) and foreign exchange differences (EUR 21 million).

Further details on effective interest rates, remaining maturities and currencies in which the interest-bearing liabilities are denominated are provided in the note on financial instruments under 'interest rate risk'.

The Revolving Credit Facility of EUR 400 million, which was originally closed in April 2015 and the term of which was extended in April 2017 to April 2022, is still in place and unused at 31 December 2018.

At year-end 2018, the company comfortably met the loan terms agreed for the credit facilities.

The average rate of interest on long-term loans, excluding one-off charges, in 2018 was 6.70% (7.35%). The repayment of long-term liabilities after 5 years until final maturity amounts to EUR 13 million (EUR 132 million). No direct security is provided for the loans.

9. Work in progress

	2018	2017
Cost of work in progress, profit recognised, provision for expected losses	-3,069,820	-4,550,792
Realisable value of work completed	3,042,884	4,749,790
Advance payments received	108,870	108,106
	<u>81,934</u>	<u>307,104</u>

The work in progress balance includes agreements for which the cost of work in progress exceeds the realisable value of work completed. Total cost of work in progress and

realisable value of work completed amounted to EUR 2,135 million (EUR 1,246 million) and EUR 1,848 million (EUR 1,138 million), respectively, at year-end 2018.

10. Other liabilities

	2018	2017
Prepayment notification of loans within one year	216,316	-
Repayment of loans falling due within one year	15,000	-
Trade creditors	90,723	52,979
Taxes and social security contributions	87,070	34,993
Various other liabilities	51,409	45,255
Accruals and deferred income	496,319	464,845
	<u>956,837</u>	<u>598,072</u>

For the prepayment and repayment of loans reference is made to the note on Financial Instruments under 'interest rate risks' and note 8.

Accruals and deferred income mainly concern accruals for project costs.

Financial instruments

General

Van Oord N.V. and its group companies use various financial instruments as part of their normal business activities. These are either accounted for under assets and liabilities or are not included in the balance sheet.

Credit risk

In principle, payment risks are covered by bank guarantees, insurance, etc., unless the creditworthiness of the debtor has been assured. These procedures and the geographical spread of the group companies' activities limit exposure to credit concentrations and market risks.

Liquidity risk

The principle underlying liquidity risk management is that sufficient cash resources must be maintained or credit facilities available to meet current and future financial commitments under both normal and exceptional circumstances. Liquidity forecasts, which include available credit facilities, form part of the regular management information provided to the Executive Board.

In view of the nature of the activities and corresponding strongly fluctuating cash flows, the available cash at bank and in hand is usually not tied up for more than one year.

Fuel price risk

The fuel price is largely hedged by entering into forward contracts and contractual arrangements with customers.

Foreign exchange risk

Many project contracts are denominated in foreign currencies. Virtually all positions in foreign currencies are fully hedged by means of forward exchange contracts. Forward currency contracts concluded to hedge against exchange rate fluctuations are valued at cost, and cost price hedge accounting is applied. Differences in forward rates arising from renewed forward exchange contracts are included in the balance sheet under current liabilities or assets. Forward exchange contracts are concluded for future cash flows mainly in US dollars. For this purpose, an amount of EUR 3 million (2017: EUR 13 million under other receivables) is included under other liabilities at 31 December 2018, which is released as soon as the hedged future cash flow occurs. The portion of the US Private Placements denominated in US dollars has been hedged against foreign exchange risks using a cross-currency swap. At 31 December 2018, an amount of EUR 74 million (EUR 54 million) is included under other receivables for this purpose.

Interest rate risk

Liabilities are both of a variable-interest and a fixed-interest nature. The principle underlying interest rate risk management with respect to loans taken out is that interest rates are generally fixed for the loan's entire term. This is achieved by using (cross-currency) interest rate swaps. Van Oord carries these instruments at cost and applies cost price hedge accounting.

The effective interest rates and maturities of cash at bank and in hand and interest-bearing liabilities are as follows:

At 31 December 2018 (x EUR 1,000)	Effective interest rate	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Cash at bank and in hand	0.3%	286,716	-	-	-	-	-	286,716
Prepayment Notification of 50% of US Private Placements 2011 (US dollars)	5.4%	201,316	-	-	-	-	-	201,316
Prepayment Notification of 50% of US Private Placements 2011 (EUR)	5.4%	15,000	-	-	-	-	-	15,000
Remaining US Private Placements 2011 (EUR)	5.4%	15,000	-	-	-	-	-	15,000
Total interest-bearing short-term liabilities		231,316	-	-	-	-	-	231,316
Revolving Credit Facility (EUR)	5.3%	-	-	-	-	-	-	-
Remaining US Private Placements 2011 (US dollars)	5.4%	-	-	131,579	-	58,772	10,465	200,816
Other loans (EUR)		-	-	-	1,913	2,295	2,295	6,503
Total long-term liabilities		-	-	131,579	1,913	61,067	12,760	207,319

On-balance financial instruments and fair value

The fair value of financial instruments included in the balance sheet, such as financial fixed assets, cash at bank and in hand, receivables, and current and long-term liabilities, is virtually identical to their carrying value.

Off-balance financial instruments and fair value

As at 31 December 2018, the value of the forward exchange contracts at the forward rates amounted to EUR 319 million (EUR 323 million). The value of the currencies to be received under these contracts at the exchange rates at 31 December 2018 was EUR 331 million (EUR 318 million).

At 31 December 2018, the fair value of the (cross-currency) interest rate swaps off-balance was nil (EUR 20 million positive). The value was recorded on balance following the USPP refinancing and is consequently partly recognised as interest expense in the profit or loss for 2018 and partly deferred. The fair value is based on assessed market values by independent parties on the basis of net present value calculations.

Commitments, contingent assets and liabilities

Warranty commitments

The warranty commitments not included in the balance sheet amounted to EUR 812 million (EUR 698 million) at year-end 2018. The vast majority of the commitments relate to performance bonds issued to clients, which is common practice in contracting.

Obligations pursuant to claims, procedures and investigations

Van Oord is involved in – or may in future be involved in – claims, procedures and investigations with possible financial and/or other consequences in the context of its business operations. Based on available information, Van Oord expects that at year-end 2018 sufficient provisions have been made for possible negative financial developments.

Rental and lease commitments

Total commitments under long-term rental and lease contracts amount to EUR 22 million (EUR 17 million). An amount of EUR 8 million will be paid in 2019. Total operational car lease commitments amount to EUR 9 million, of which EUR 4 million will be paid in 2019. Commitments with a term longer than 5 years amount to EUR 2 million.

Capital commitments

Commitments relating to investments in tangible fixed assets amounted to EUR 317 million (EUR 179 million) at the balance sheet date. An amount of EUR 140 million will be paid in 2019. There are no commitments with a term longer than 5 years.

Agency fees

Van Oord has management teams in place in many parts of the world, but we also work with agents in our efforts to win and/or execute contracts. This can lead to an increased risk of non-compliance with laws and regulations.

Some countries require us to engage an agent, and an agent can also provide local support during the execution of a project. Agents usually receive a (fixed) percentage of the contract price for their work, sometimes in the form of a (partial) success fee. That is why we try to mitigate the risks associated with working with agents through our Agent Policy. Stringent procedures relating to new and existing agents are in place and we engage the services of external professionals to support us.

There is a risk of possible non-compliance with laws and regulations. Although our stringent policy and procedures did not reveal any concrete indications of possible irregularities, the risk of non-compliance with the applicable laws and regulations can never be completely excluded. Please refer to section 4 Governance (Risk and Compliance) for a more detailed explanation of our approach to and management of compliance risks.

Subsequent event

In December 2018 a prepayment notification was sent to the noteholders for the prepayment of 50% of the outstanding principle amount on 1 March 2019. In addition, a second prepayment notice for the prepayment of the remaining 50% was sent on 1 March 2019. This prepayment will be effectuated on 1 April 2019. As a consequence the full US Private Placement in the amount of the equivalent of USD 501 million will be repaid in 2019.

In order to replace the existing US Private Placements a EU Private Placement was agreed for the amount of EUR 200 million. The EU Private Placement has 4 tranches with terms of 5 to 10 years, and will be effectuated on 1 April 2019. The remainder of the US Private Placement will be repaid with available liquidity.

Related parties

Van Oord classifies group companies, the Executive Board, the Supervisory Board and (participations of) the shareholders as related parties. Related-party transactions are carried out on an arms-length basis.

Notes to the consolidated profit and loss account

(x EUR 1,000)

11. General

Net turnover on work carried out in 2018, including the company's share of turnover generated by the consolidated consortiums (excluding value added tax), amounted to EUR 1,876 million (EUR 1,530 million).

Breakdown turnover by geographical area	2018		2017	
Netherlands	224,769	12%	112,413	7%
Rest of Europe	894,897	48%	564,194	37%
Rest of the world	756,496	40%	853,658	56%
	1,876,162	100%	1,530,265	100%

Breakdown turnover by business unit	2018		2017	
Dredging	851,407	45%	840,911	55%
Netherlands	115,375	6%	82,403	5%
Offshore Wind	706,024	38%	403,187	27%
Offshore	203,356	11%	203,764	13%
	1,876,162	100%	1,530,265	100%

Wages and salaries

Wages, salaries and social security contributions in 2018 for employees of Van Oord and its group companies amounted to EUR 274 million (EUR 279 million). This related to an average

of 3,463 (3,828) employees (in full-time equivalents) and can be broken down as follows:

	2018	2017
Wages and salaries	219,836	222,092
Social security contributions	32,148	33,972
Pension costs	21,584	23,111
	273,568	279,175

These costs only relate to own employees. The above figures include wages, salaries, social security contributions and pension costs of EUR 49 million (EUR 46 million) relating to the companies consolidated on a proportional basis.

Remuneration of the members of the Supervisory Board and Executive Board totalled EUR 3.8 million (EUR 3.5 million). Members of the Supervisory Board received EUR 0.3 million (EUR 0.3 million), members of the Executive Board EUR 3.5 million (EUR 3.2 million).

Pension costs are equal to the pension contributions payable to the pension administrator.

Breakdown of average number of employees (full-time equivalents)	2018		2017	
Employed in the Netherlands	2,257	49%	2,276	48%
Employed outside the Netherlands	1,206	26%	1,552	32%
	3,463	74%	3,828	80%
Hired personnel	1,202	26%	969	20%
	4,665	100%	4,797	100%

11 and 12. Gross profit

Gross profit represents the balance of net turnover and the cost of work, plus the profit recognised on work in progress. Gross profit also includes:

- the addition to or release from the provision for expected losses on work in progress;
- prior-year income and expenses on work completed in previous years;
- income from fixed operating assets charged as rent to projects and third parties, less operating expenses, including periodic maintenance costs, and excluding depreciation;
- various items of income and expenses, such as results on the sale of fixed assets, exchange differences and compensation for damage;
- depreciation and impairment of tangible fixed assets;
- amortisation of intangible fixed assets.

13. General and administrative expenses

General and administrative expenses are costs not charged to projects, such as head office, corporate departments and foreign offices.

General and administrative expenses comprised EUR 1.1 million (EUR 0.8 million) in audit fees for the financial statements of the entities included in Van Oord N.V.'s consolidated accounts. These fees were charged by Ernst & Young Accountants LLP Netherlands and taken to the to the profit and loss account. Other audit fees charged by Ernst & Young in 2018 were EUR 0.1 million (EUR 0.1 million). Non-audit fees charged by Ernst & Young were EUR 0.1 million (EUR 0.1 million).

14. Net interest expense

	2018	2017
Interest income	1,629	2,056
Interest expense	-46,247	-26,693
	-44,618	-24,637

When interest rates on loans are hedged by cross-currency interest rate swaps, besides the interest expenses also the changes in the carrying amount of the cross-currency interest rate swaps are also included in the profit and loss account. This effectively results in fixed interest expenses for these loans.

As a result of the 50% prepayment notification in December 2018 for the US Private Placements an amount of EUR 13.7 million make-whole fees is included in the interest expenses. In addition the previously unrecognised Marked to Market value of the related cross-currency interest rate swaps is included in the interest expenses in the amount of EUR 13.5 million. In total the one-off charges amount to EUR 27.2 million.

At year-end 2018 no (cross-currency) interest rate swaps were outstanding for which there is a difference between the cumulative negative change in fair value and the opposite change in fair value of the hedged item. Compared to year-end 2017 this results in a decrease for which EUR 6.5 million positive was recognised in the profit and loss account (2017: EUR 1.7 million recognised as interest expense).

15. Income taxes

This item includes both Dutch and foreign taxes.

The effective and nominal tax rates differ by country.

Reconciliation between the weighted average nominal tax rate and the effective tax rate is as follows (in percentage terms):

	2018	2017
Weighted average nominal tax rate	22.1%	29.2%
Tax implications of:		
Use of losses available for set-off not accounted for	-7.8%	-14.4%
Loss carry-forwards not accounted for	0.2%	4.9%
Tax-exempt profits and non-deductible expenses	-15.7%	-2.7%
Amortisation of intangible fixed assets	4.1%	2.4%
Movements in provisions	5.3%	8.2%
Effective tax rate	8.3%	27.6%

Future losses relief outside the Netherlands of approximately EUR 58 million (EUR 84 million) is not recognised as deferred tax asset in the balance sheet of Van Oord. Set-off of these compensating losses are amongst others dependent on any future taxable profits.

Company balance sheet (before appropriation of profit)

(x EUR 1,000)

The letters next to the items refer to the corresponding letters in the notes.

		31 December 2018	31 December 2017
Fixed assets			
Intangible fixed assets	a.	34,330	41,196
Financial fixed assets	b.	913,380	942,015*
		947,710	983,211
Current assets			
Receivables		106	-
Amounts owed by group companies		380,258	289,022*
		380,364	289,022
Total assets		1,328,074	1,272,233
Shareholders' equity	c.		
Paid-up and called-up share capital		12,100	12,100
Share premium account		270,400	270,400
Statutory reserves		-28,234	-25,665
Other reserves		652,604	608,406
Profit for the financial year		92,097	78,240
		998,967	943,481
Long-term loans from group companies	d.	328,300	328,300*
Current liabilities			
Other liabilities		807	452
		807	452
Total shareholders' equity and liabilities		1,328,074	1,272,233

* Adjusted for comparison purposes

Company profit and loss account

(x EUR 1,000)

	2018	2017
Profit of participating interests after taxation	98,934	84,891
Various income and expenses after taxation	-6,837	-6,651
Net profit	92,097	78,240

Notes to the company financial statements

(x EUR 1,000)

The figures shown in brackets are the corresponding figures for the previous financial year.

Unless stated otherwise, reference is made to the notes to the consolidated financial statements.

Assets

a. Intangible fixed assets

	Goodwill
Book value at 1 January 2018	41,196
Amortisation	-6,866
Book value at 31 December 2018	34,330
Cost	137,320
Accumulated amortisation	102,990
Amortisation period in years	20

b. Financial fixed assets

The group companies included in this item are listed and referred to in the notes to the consolidated financial statements.

	Group companies	Long-term loans to group companies	Total
Book value at 1 January 2018	613,715	328,300	942,015
Payment share premium	75,000	-	75,000
Dividend received	-200,000	-	-200,000
Result of participating interests	98,934	-	98,934
Translation differences of participating interests	-2,569	-	-2,569
Book value at 31 December 2018	585,080	328,300	913,380

Shareholders' equity and liabilities

c. Shareholders' equity

The authorised share capital in accordance with the Articles of Association amounts to EUR 40,000,000, divided into 40,000 ordinary shares of EUR 1,000. The issued share capital amounts to EUR 12,100,000, divided into 12,100 ordinary shares.

	Paid-up and called-up share capital	Share premium account	Statutory reserves	Other reserves	Undistributed result	Total
2018						
Balance at 1 January	12,100	270,400	-25,665	608,406	78,240	943,481
Added to reserves	-	-	-	44,198	-44,198	-
Dividend paid	-	-	-	-	-34,042	-34,042
Translation differences and other changes in participating interests	-	-	-2,569	-	-	-2,569
Profit for the financial year	-	-	-	-	92,097	92,097
Balance at 31 December	12,100	270,400	-28,234	652,604	92,097	998,967

	Paid-up and called-up share capital	Share premium account	Statutory reserves	Other reserves	Undistributed result	Total
2017						
Balance at 1 January	12,100	270,400	-26,903	559,095	90,196	904,888
Added to reserves	-	-	-	51,371	-51,371	-
Dividend paid	-	-	-	-	-38,825	-38,825
Translation differences and other changes in participating interests	-	-	1,238	-2,060	-	-822
Profit for the financial year	-	-	-	-	78,240	78,240
Balance at 31 December	12,100	270,400	-25,665	608,406	78,240	943,481

The share premium account is tax exempt.

Statutory reserves consist of a currency translation reserve participating interests of EUR -29.1 million (EUR -26.6 million) and a reserve for statutory reserves of participating interests of EUR 0.9 million (EUR 0.9 million).

d. Long-term loans from group companies

The balance consists of long-term loans from group companies with a maturity per 31 December 2022 (interest of Euribor +1.2%) for which long-term loans have been provided to other group companies as included under financial fixed assets. Also at year end 2017 these loans were in place and the presentation in the balance sheet has been adjusted accordingly.

Contingent liabilities

The company is jointly and severally liable for the tax liabilities of the group companies forming part of the Van Oord N.V. fiscal unity.

Proposed appropriation

The proposed appropriation of the profit is as follows:

Proposed dividend on ordinary shares	39,585
Added to reserves	52,512
Profit for the financial year	92,097

Other Information

Profit appropriation

Profit appropriation takes place in accordance with Article 14 (1) of the Articles of Association, which reads as follows:

‘The profit as disclosed in the profit and loss account approved by the General Meeting of Shareholders will be at the disposal of the General Meeting of Shareholders.’

Rotterdam, 19 March 2019

Supervisory Board

N.W. Hoek, Chairman
K. Damen
J.M.J.A.P. Laurent Josi
Jac.G. van Oord
J.M.M. van der Ven
J.H.R. Kretzers

Executive Board

P. van Oord, CEO
M.J. Poots-Bijl
P.W. Verheul
C.A. de Bruijn





6 Other information

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About this report

Van Oord has reported on the state of affairs in the company and its subsidiaries in its 2018 Annual Report. The annual report is intended for all interested parties. In it, we report on the company's performance, its added social value and its financial results.

This annual report has been approved by the Supervisory Board and will be adopted by the shareholders on 16 April 2019. The accompanying annual financial statements have been audited by Ernst & Young Accountants LLP. Our financial statements are in accordance with the Dutch GAAP, the generally accepted accounting principles of financial reporting in the Netherlands, and the statutory regulations concerning annual financial statements, as included in the Dutch Civil Code, Title 9, Book 2.

The non-financial information contained in this report complies with our own reporting guidelines and the relevant sections of the Sustainability Reporting Guidelines (G4) by the Global Reporting Initiative (GRI). To ensure that the report is easy to read, its structure differs from the GRI Guidelines.

Limited assurance is requested for a number of selected sustainability indicators. They are:

- Male/female ratio: The number of men compared to the number of women on the Dutch payroll.
- Number of participants in training courses arranged via the NL VO Academy.
- Sick leave rate: a number of days' absence due to illness (employees on Dutch payroll) divided by the number of potential working days times the number of employees on the Dutch payroll (x 100%).
- Total Recordable Injury Rate (TRIR): Number of recordable injuries per 200,000 hours worked by workers on Van Oord's payroll or hired in from other companies, based on 2.693 hours per FTE; based on compulsory notifications by projects and fleet to the QHSE department). Recordable injury include: Lost time injury cases (more than one day absent), Medical treatment cases and Restricted work cases. This excludes First aid cases. TRIR includes all reported cases.
- Carbon footprint: Emissions expressed in tonnes of CO₂. Concerns emissions from all equipment, flights, fleet of vehicles, offices and shipyards. These emissions come under scope 1 and 2 emissions as defined in the CO₂ Performance Ladder Version 2.2 by the Independent

Foundation for Climate Friendly Procurement and Business (SKAO), dated 4 April 2014. The conversion factor applied by Van Oord is also taken from this Manual.

- Sustainable Supply Chain: number of suppliers provided sustainability and QHSE information such as respect for human rights, anti-corruption measures, subscribing the OECD Guidelines for Multinational Enterprises, etc. The number represents the cumulative amount of suppliers provided such information started as per 2016 until 31 January 2019.

The selected indicators are to be found in section 3, Non-financial performance, in this 2018 Annual Report.

Except for 'number of participants in training courses', 'sick leave rate', the data provided on these selected indicators refers to Van Oord N.V. and its wholly-owned corporate group companies. The graphs and notes in the report indicate the year to which the data refers.

This report is available in English on our website <http://annualreport.vanoord.com>, <http://www.vanoord.com> and in the Van Oord App (App Store and Google Play). A Dutch version is available on request. Please send your request by e-mail to info@vanoord.com.

To: the shareholders and supervisory board of Van Oord N.V.

Report on the audit of the financial statements 2018 included in the annual report

Our opinion

We have audited the financial statements 2018 of Van Oord N.V. based in Rotterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Van Oord N.V. as at 31 December 2018 and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company balance sheet as at 31 December 2018
- The consolidated and company profit and loss account for 2018
- The consolidated cashflow statement for 2018
- 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 Van Oord N.V. in accordance with 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.

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:

- KPI's;
- The management board's report;
- The supervisory board's report;
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- Definitions.

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 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 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is 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's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

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 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 framework 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 assignment 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 have detected all material errors and fraud.

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 skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances,

but not for the purpose of expressing an opinion on the effectiveness of the company's internal control

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and 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
- 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

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.

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.

Rotterdam, 19 March 2019

Ernst & Young Accountants LLP
signed by W.P. de Pater

To: the shareholders and supervisory board of Van Oord N.V.

Our conclusion

We have performed a limited assurance engagement on selected non-financial indicators ('the selected indicators') in the annual report for the year ended 31 December 2018 of Van Oord N.V. ('the annual report'), based in Rotterdam.

Based on our procedures and the evidence obtained, nothing has come to our attention that causes us to believe that the selected indicators have not been prepared, in all material respects, in accordance with Van Oord's reporting criteria as explained in "About this report" on page 107 of the annual report.

The selected indicators comprise the following indicators in the annual report 2018:

- male/female ratio (as a % of Dutch payroll list) as specified on page 53;
- number of participants in training courses as specified on page 53;
- absenteeism (as a % of the Dutch payroll list) as specified on page 53;
- frequency of incidents (TRIR) as specified on page 53;
- the carbon footprint (in metric tonnes) as specified on page 52;
- Number of suppliers for which sustainability information has been collected, as specified on page 53.

Basis for our conclusion

We conducted our limited assurance engagement on the selected indicators in accordance with Dutch law, including Dutch Standard 3000A 'Assurance engagements other than audits or reviews of historical financial information (attest engagements).' Our responsibilities under this standard are further described in the section 'Our responsibilities for the assurance engagement on the selected indicators' of our report.

We are independent of Van Oord N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and other relevant independence regulations in the Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore,

we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Limitations to our assurance engagement

Quantification of carbon emissions is subject to inherent uncertainty due to the use of variables such as emissions factors that are used in mathematical models to calculate carbon emissions, and the inability of those models to precisely characterize under all circumstances the relationship between various inputs and the resultant emissions because of incomplete scientific knowledge on this topic.

Our assurance engagement has been restricted to the selected indicators. We have not performed assurance procedures on any other information in the annual report in light of this engagement.

Responsibilities of the board of management and supervisory board

The board is responsible for the preparation of the selected indicators in accordance with Van Oord's reporting criteria as explained in "About this report" on page 107 of the annual report, including identification of the intended users and determining whether the criteria used are appropriate to the intended users' purposes. The board is also responsible for such internal controls as the board determines is necessary to enable the preparation of the selected indicators that are free from material misstatements, whether due to fraud or errors.

The supervisory board is responsible for overseeing the reporting process of Van Oord N.V.

Our responsibilities for the assurance engagement on the selected indicators

Our responsibility is to plan and perform the limited assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed in a limited assurance engagement are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance obtained in a reasonable assurance engagement.

We apply the 'Nadere voorschriften kwaliteitssystemen (Regulations for Quality management systems)' and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional skepticism throughout the assurance engagement, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

The procedures of our limited assurance engagement consisted amongst others of:

- Performing an external environment analysis and obtaining insight into relevant social themes and issues and the characteristics of the organization relevant for the selected indicators
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the annual report. This includes the evaluation of the reasonableness of estimates made by management
- Obtaining an understanding of the reporting processes for the selected indicators, including obtaining a general understanding of internal control relevant to our assurance engagement

- Identifying areas of the selected indicators with a higher risk of misleading information or material misstatements, whether due to fraud or errors. Designing and performing further assurance procedures aimed at determining the plausibility of the selected indicators responsive to this risk analysis. These further procedures consisted amongst others of:
 - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data for the selected indicators
 - Obtaining assurance information that the data for the selected indicators reconciles with underlying records of the company
 - Reviewing, on a limited test basis, relevant internal and external documentation
 - Performing an analytical review of the data and trends submitted for consolidation at corporate level

Rotterdam, 19 March 2019

Ernst & Young Accountants LLP
Signed by R.T.H. Wortelboer

Financial terms

Amortisation: Depreciation of intangible assets such as goodwill.

Audit Committee: A committee comprising members of the Supervisory Board whose main task is to advise the Supervisory Board on its supervisory role with regard to the company's financial affairs and reporting.

Dutch GAAP: The generally accepted accounting principles for financial reporting in the Netherlands (Dutch Annual Reporting Guidelines [*Richtlijnen voor de Jaarverslaggeving*] and the statutory provisions on annual reporting as laid down in Title 9, Book 2, of the Dutch Civil Code [*BW*]).

EBIT: Earnings before interest and taxes.

EBITDA: Earnings before interest, taxes, depreciation and amortisation.

Hedging: Offsetting all or part of a financial risk in an investment by means of another investment.

Order book: The value of turnover on projects that Van Oord has been awarded, including those subject to financial close, but has yet to carry out.

Return on capital employed: EBIT divided by average capital employed, i.e. total assets less short-term liabilities.

Return on equity: Net profit divided by average equity.

Solvency: Equity divided by balance sheet total, i.e. fixed and current assets.

General terms

Backhoe: a hydraulic grab crane mounted on a dredging pontoon. Backhoes are used in hard ground.

Balance of Plant: all the work that necessarily precedes the installation of a wind turbine, for example construction of the foundations and the cable base.

Cutter suction dredger: A vessel that uses a rotating cutter head to loosen the material in the bed.

Carbon footprint: Emissions expressed in tonnes of CO₂. This concerns emissions from all equipment, flights, fleet of vehicles, offices and shipyards. These emissions come under scope 1 and 2 emissions as defined in the CO₂ Performance Ladder Version 2.2 by the Independent Foundation for Climate Friendly Procurement and Business (SKAO), dated 4 April 2014. The conversion factor applied by Van Oord is also taken from this manual.

Energy transition: A structural shift towards a renewable energy system.

EPC: Type of contract with responsibility for engineering, procurement and construction.

Fallpipe vessel: A vessel that installs rock on an ocean or river bed using a fallpipe with the aim of protecting underwater structures or levelling the bed.

FaunaGuard: An innovative technique for protecting sea mammals from the noise of engineering works being carried out on the seabed. The FaunaGuard was developed by Van Oord in cooperation with SEAMARCO (Sea Mammal Research Company).

Global Reporting Initiative: An international organisation that formulates guidelines for sustainability reporting.

IMO: International Maritime Organisation.

KPIs: Key performance indicators, variables that indicate whether an organisation is on track to achieve its targets.

Lost Time Injury Frequency Rate: Number of accidents with absence per 200,000 hours worked.

Male/female ratio: The number of men compared to the number of women on the Dutch payroll.

Marine ingenuity innovation: An eco-engineering innovation developed by Van Oord either alone or in partnership (FaunaGuard, PlumeGuard, ReefGuard, ecodesign concepts and OpenEarth) that is ready to be applied in projects and, as such, is offered in tenders.

Maritime Labour Convention: International convention governing working and living conditions on board sea-going vessels.

NGO: Non-governmental organisation that is independent of government and that focuses on a matter of social concern.

Operational excellence: An organisation's determination to deliver excellent service to its customers. It means that everything that the organisation does must be right the first time: delivery on time and for an outstanding price.

Procurement & Supply Chain: A Van Oord department responsible for procuring manpower and equipment.

ReefGuard: An innovative mobile laboratory developed by Van Oord in cooperation with coral experts to restore damaged coral reefs.

Sick leave rate: A number of days' absence due to illness (employees on Dutch payroll) divided by the number of potential working days times the number of employees on the Dutch payroll (x 100%)

Trailing suction hopper dredger: A vessel with large, powerful pumps and engines that enable it to suck up sand, clay, sludge and even gravel from ocean or river beds.

Total Recordable Injury Rate (TRIR): Number of recordable injuries per 200,000 hours worked by workers on Van Oord's payroll or hired in from other companies, based on 2.693 hours per FTE; based on compulsory notifications by projects and fleet to the QHSE department). Recordable injury include: Lost time injury cases (more than one day absent), Medical treatment cases and Restricted work cases. This excludes First aid cases. TRIR includes all reported cases.

Value chain responsibility: The process of encouraging sustainability in procurement chains. Van Oord practises value chain responsibility by identifying what sustainability issues our suppliers and subcontractors address in their operations, discussing these issues with them, and including them in our procurement terms and conditions.

Water injection dredger (WID): A special, innovative dredging vessel that injects water under low pressure into the sea or river bed, bringing sediment on the bottom into suspension, which is then carried away by natural tidal or river currents. Their excellent manoeuvrability means that WIDs can work close to embankments and quay walls, making them a very good choice for harbour deepening projects.

Sustainable Supply Chain: number of suppliers provided sustainability and QHSE information such as respect for human rights, anti-corruption measures, subscribing the OECD Guidelines for Multinational Enterprises, etc. The number represents the cumulative amount of suppliers provided such information started as per 2016 until 31 January 2019.

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Contact

We would be pleased to receive any comments on this annual report. Do you have questions about the contents of this report or our reporting methods? You can let us know that too, by sending an e-mail to info@vanoord.com or contacting Mr R. de Bruin, **T** +31 88 8268234. You will receive a response within ten working days.

