

Royal IHC annual figures 2018

PRESS RELEASE

- **Setbacks on challenging projects led to a net loss of € 80.6 million in 2018.**
- **Concrete actions have been taken to restore profitability:**
 - **focus applied and transformation intensified**
 - **management team strengthened**
 - **raising of € 120 million in additional financing, including € 30 million from shareholders.**

For Royal IHC (IHC) 2018 proved to be a difficult year. Due to cost overruns in the execution of a number of challenging innovative projects, the loss for 2018 ultimately amounted to € 80.6 million.

IHC has initiated a number of clear actions in order to restore profitability. For example, the organisation has applied focus to – and accelerated – the transformation that has already begun by concluding contracts under better conditions, and strengthening its management and improving processes, among others. At the same time, IHC has been reinforced with € 120 million in additional financing.

IHC's CEO Dave Vander Heyde said: "We're convinced that, after a difficult period, we have taken the right steps and necessary measures to safeguard our quality, innovative strength and strong relationships that have made IHC a leading player in its market for the future.

"The trust and commitment we have received from our stakeholders underlines the support for our strategy, which is now bearing fruit in a high-quality order book. This lays the foundation on which IHC can achieve a positive result in 2019."

Result 2018

The result for 2018 was strongly influenced by a number of challenging innovative projects that were contracted in the market during the earlier crisis period (2015-2017). These projects are now in the final phase, but with significant cost overruns. For the 2018 financial year, this ultimately led to a negative EBITDA of € 40.8 million and a net loss of € 80.6 million.

The order book at 31 December 2018 was € 1,184.5 million, which is lower than a year earlier. The newly signed orders in 2018 amounted to € 594 million. These orders have a lower risk profile and have been concluded under better conditions, which means that they will already have a positive impact on the result in 2019. The revenue for 2018 was 18% higher at € 941.7 million (2017: € 800.2 million). A higher turnover is expected for 2019 alongside a turnaround of the operational result.

Clear strategic focus with better balance in the risk profile

Risk reduction is an important part of the company's focus to keep its challenges manageable. The emphasis is on improving the balance between income and risks through tighter contract and project management, and by further strengthening the order acceptance process.



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A broad transformation process is underway for this, in which attention is also being paid to cost reduction and project implementation. To further accelerate this transformation, the Board of Directors was strengthened by the appointment of a Chief Transformation Officer (CTO) with effect from 1 July. Furthermore, external support has been recruited temporarily to implement this process quickly and efficiently.

Commitment of shareholders and banks in strengthening financial position

IHC, its shareholders and the banks have recently looked at the company's financing requirements. This is due to the higher than normal working capital requirement, which is a consequence of the projects pre-financed by IHC and due to project losses for 2018.

- An extension of the long-term financing facilities was concluded with existing financiers in 2018 until 2022.
- Furthermore, an agreement was reached in mid-July 2019 on the additional financing of € 30 million in guarantee capital and an additional loan of € 90 million, whereby shareholders and banks will provide IHC with € 120 million in credit facilities, for a maximum period of two years.

Note for the editors, not for publication:

The 2018 annual report (in English) can be found on the [website](#).

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Profile Royal IHC

In an ever-changing political and economic landscape, Royal IHC enables its customers to execute complex projects from sea level to ocean floor in the most challenging of maritime environments.

We are a reliable supplier of innovative and efficient equipment, vessels and services for the offshore, dredging and wet mining markets. With a history steeped in Dutch shipbuilding since the mid-17th Century, we have in-depth knowledge and expertise of engineering and manufacturing high-performance integrated vessels and equipment, and providing sustainable services. From our head office in The Netherlands and with 3,000 employees working from sites and offices on a global basis, we are able to ensure a local presence and support on every continent. Dredging operators, oil and gas corporations, offshore contractors, mining houses and government authorities all over the world benefit from IHC's high-quality solutions and services. With our commitment to technological innovation, in which sustainability and safety are key, we strive to continuously meet the specific needs of each customer in a rapidly evolving world.