

PRESS RELEASE - 25 August 2003

IHC CALAND TO CLOSE VAN DER GIESSEN-DE NOORD AND SPLIT OFF DREDGER-BUILDING ACTIVITIES. PROVISION OF US\$ 45 MILLION AGAINST 2003 RESULTS

Summary

- Decision made to close van der Giessen-de Noord shipyard;
- Post tax provision required re closure estimated at US\$ 45 million;
- Decision made to propose to exit shipbuilding by splitting off the remaining healthy Dutch shipbuilding activities (IHC Holland and Merwede Shipyard) into a newly listed company to be owned by the existing shareholders;
- Half year profit below 2002 at US\$ 34.2 million (2002 - US\$ 42.4 million), mainly due to timing of project deliveries;
- New orders totalling US\$ 921 million, including one major new FPSO lease and operate contract;
- Successful start-up of Generic B FPSO for ExxonMobil's Serpentina field in Equatorial Guinea;
- Offshore market slower than expected, but still very promising medium to long term;
- With the exception of the provision in respect of van der Giessen-de Noord, Group on target to meet profit forecast of US\$ 110 million.

Half-year results

The net profit after tax for IHC Caland for the first six months of 2003 was US\$ 34.2 million (US\$ 1.07 per share) compared with US\$ 42.4 million (US\$ 1.35 per share) at mid-year 2002, and US\$ 77.4 million (US\$ 2.44 per share) for the whole of 2002.

Cash flow for the half-year was US\$ 106.3 million (US\$ 3.33 per share) compared with US\$ 86.8 million (US\$ 2.76 per share) at mid-year 2002, and US\$ 175.3 million (US\$ 5.53 per share) for the whole of 2002. Net cash in hand plus securities at the end of June was US\$ 77.9 million compared with US\$ 226.4 million at the end of 2002.

Forecast for the whole year 2003

As mentioned above, with considerable regret, a decision has been taken to close down the Group's specialised shipbuilding yard, van der Giessen-de Noord. This will be implemented gradually, and will be fully effective after delivery of the last vessel in its order book, which is expected to be in the first quarter of 2004.

It has become increasingly clear that the yard cannot survive in the current very weak market place, due to the uncompetitive price levels at which it is obliged to operate. Furthermore, the market for jumbo hopper dredgers – the reason for which the Group purchased the yard – appears to be dead for the foreseeable future.

A post tax provision of US\$ 45 million (€ 40 million) will be made against the results of IHC Caland in 2003 in respect of the closure, partly to cover the cost of laying off the remaining workforce, partly in respect of anticipated inefficiencies during closure, and partly to provide for the risk of losses on disposal of the yard's assets. Depending on the eventual sales proceeds of these assets, the net expense could be somewhat lower.

Furthermore it is the intention to create two transparent, focused and healthy companies by splitting off the Group's remaining shipbuilding activities, in a separately listed company, to be owned by the existing shareholders, effective 1 January 2004. It is not anticipated that this split off will have any further P&L account impact.

In spite of the provision for the closure of van der Giessen, cash flow is expected to rise to around US\$ 220 million (US\$ 6.85 per share) compared with US\$ 175.3 (US\$ 5.53 per share) for 2002.

Capital expenditure on FPSO's/FSO's is forecast at around US\$ 500 million for the year, compared with US\$ 613 million in 2002.

Split-off

The proposal to split the Group's two principal activities arises from a perceived need to focus management attention on two distinct activities, which have very little synergy with each other. In addition, the fast-growing offshore activities of the Group require increasing management time, to the detriment of the dredger-building activities.

The split-off would allow both companies to pursue their respective and distinctive strategic objectives and growth opportunities. Both companies would be listed at Euronext Amsterdam.

Unions have been informed and the works council of van der Giessen-de Noord has been requested for advice on the closure of van der Giessen-de Noord, The works councils of IHC Holland and Merwede Shipyard will be asked for advice on the split off of the remaining shipbuilding activities.

An extraordinary shareholders meeting will be scheduled in the fourth quarter 2003 for shareholders to decide on the split-off proposal. For that purpose an information package will be prepared.

It is currently envisaged that the split-off will become effective by the end of December 2003

New booked orders

New booked orders for the first half-year of 2003 totalled US\$ 921 million, compared with US\$ 1,452 million for the first half of 2002, and US\$ 1,858 million for the whole year. Order portfolio at 30 June stood at US\$ 5.4 billion (year-end 2002 - US\$ 5,074 million).

A selection of important new orders includes:

- A contract from Petrobras for the supply on a lease and operate basis of a large complex FPSO. The contract is for a minimum period of 94 months, and the total value is in excess of US\$ 500 million.

- A two-year extension of the lease and operate contract with SEICL of the P.A. Sakhalin FSO on Shell Sakhalin II field in Russia. The time charter is now to continue until year-end 2005.
- A letter of intent for a one-year extension of the lease and operate contract with Petrobras of the Roncador FPSO in Brazil. The time charter will now continue until May 2009.
- Three CALM buoy supply (and related equipment) contracts for Nexen Yemen, ChevronTexaco Angola and Conoco Phillips U.K., all for delivery early 2004.
- A contract for the supply of an ultra-deepwater CALM buoy from Technip for ExxonMobil as part of the Ehra field development in Nigeria. Delivery is scheduled for mid 2005.
- A contract for the supply of another ultra-deepwater CALM buoy from Saipem, for the Kizomba B field development, Block 15 offshore Angola for ExxonMobil. Delivery: mid 2005
- A letter of intent from Woodside for the supply of a disconnectable riser turret mooring for the FPSO to be installed as part of the development of the Enfield field off North West Cape, Australia. The Enfield turret can accommodate 13 risers in deep water (600 metres). It will be fitted on the client's 150,000-dwt FPSO, and delivery is due end 2005.
- Contracts for the design and delivery of dredgers of the cutter and hopper type destined for dredging contractors in Iran, India, Morocco, Malaysia, Maldives, Nigeria and Croatia.
- Orders for the lengthening of an existing seagoing gravel dredger, as well as for dredging installations, components, automation and instrumentation for the renovation and upgrading of existing dredgers.
- In the segment of river cruise vessels, an order from Dunav Tours, Bulgaria for one vessel with an option for a second vessel.

Major order received after 30 June 2003:

The following major orders were received for the dredger-building activities:

- A contract for the design and engineering of a very large self-propelled cutter suction dredger, with a total of 28,200kW installed power from DEME, Belgium, one of the leading dredging contractors in the world. The decision to actually build the ship will be taken latest in October this year.
- Contracts for six standard cutter suction dredgers of the 'Beaver series' for clients in Nigeria, India, Iran, Russia and the UAE, for the design and construction of a 8000kW cutter suction dredger for a Chinese client in cooperation with a Chinese shipyard for local assembly, and for renovation of a hopper dredger in Egypt.

Including the anticipated construction order for the self-propelled cutter suction dredger, the total of these orders amounts to US\$ 150 million.

No major orders have yet been received for the offshore activities since mid-year.

Funding

The Group maintains its reluctance to issue any form of equity or equity-related instrument, except under pressure of exceptionally favourable FPSO lease and operate market developments. As mentioned under Summary, new order intake in the offshore business has been slower than expected, so that no such pressure exists. The very heavy ongoing investments in 2003 in lease and operate FPSO's will result in year-end leverage ratios at a similar level to 2002 (pre van der Giessen provision) and even higher than 2002 (post van der Giessen provision). However, the

slower order intake in 2003 will mean that the balance sheet position will improve considerably in 2004.

It is also worth repeating that the majority of the debt is secured by long-term FPSO lease contracts, which are more than capable of repaying the loans.

Market developments

Offshore Oil and Gas

While the company has been successful in securing a number of small/medium-size orders for the sales of offshore facilities and services, a slowdown of worldwide E&P activities is causing a number of targeted projects to slip. This situation is expected to continue until the end of the year. As a result, competition tends to be more aggressive in all the segments of the Group's product line.

The expected slow intake on large (FPSO/TLP) projects will allow the company to concentrate on tightening the organisation and further improving the controls. This will give a breathing space which has become necessary after the long period of high activity which stretched the resources and the management. There remains strong confidence that on the medium term, the deepwater offshore developments will continue to offer sufficient opportunities to meet the targeted growth. Indeed major energy-consuming countries are already taking steps to secure and diversify supply sources. The South Atlantic remains an area of preference. At the same time the growing economies of South East Asia will encourage development in the deeper offshore of the region where a number of field developments are warming up.

The Group is still expecting to secure one further FPSO contract before the end of 2003

Dredger and specialised shipbuilding

As expected, the demand from the market for the specialised shipbuilding activities remained very weak. This was confirmed by the very low percentage (5.5%) of world wide new orders which were won by the European shipyards during the first half year of 2003.

Some improvement in this market segment is expected in the middle-to-long term, but this improvement will come too late to safeguard full occupation of the Group's specialised shipbuilding capacity. Prices are expected to remain under heavy pressure due to the increased competition from other European shipyards and price dumping practices of Far Eastern shipyards, which are being addressed by the EU under a W.T. O. procedure.

The market for the dredger-building activities showed a satisfactory level of new building demand. As earlier indicated, demand was restricted to small and medium sized hopper dredgers and self-propelled as well as standard cutter suction dredgers. The renovation and refurbishment market also generated work. Demand came from both the Dutch and Belgian contractors and the predominantly state owned dredging contractors. The continuing uncertainty with regard to the availability of sand from Indonesia for the large Singapore land reclamation projects continues to influence the timing of investment decisions for capacity replacement of ageing dredgers of the Dutch and Belgian contractors. All in all demand from the dredger-building market is expected to be sufficient to fill the remaining capacity. With the anticipated order for the self-propelled cutter suction dredger for DEME, a substantial part of the capacity is already filled throughout 2004 and part of 2005.

Changes in the Management Board

Subject to approval of the split-off of shipbuilding, Mr. J.J.C.M. van Dooremalen, President of IHC Caland, will lead the new listed company incorporating IHC Holland and Merwede Shipyard. This means that he would resign as President and Chief Executive Officer of IHC Caland, and Mr. D. Keller, presently Managing Director, Offshore, of IHC Caland, would then take over his responsibilities. IHC Caland would then consist entirely of the Offshore Companies from the existing IHC Caland Group.

Financial agenda

Preliminary results 2003	30 January	2004
Final results 2003 – Press release	29 March	2004
Final results 2003 – Press conference (14:00 hrs IHC Caland, Schiedam)	29 March	2004
Final results 2003 – Analysts presentation (Amsterdam and London)	30 March	2004
Annual Report 2003	End April	2004
Annual General Meeting of Shareholders 2004	14 May	2004
Midyear figures 2004 – Press release	30 August	2004
Midyear figures 2004 – Press conference (14:00 hrs IHC Caland, Schiedam)	30 August	2004
Midyear figures 2004 – Analysts presentation (Amsterdam and London)	31 August	2004

Corporate profile

IHC Caland, supplier of equipment for the offshore oilfield service, dredging and shipping industries

The Dutch public company IHC Caland N.V. is the holding company of a group of international, marine technology orientated companies. Its business is to serve on a global basis the offshore oilfield service industry and the dredging, shipping and mining industries by supplying engineered products, vessels and systems, and offshore oil and gas production services.

The product line comprises:

For the oil and gas sector

Floating import/export terminals, mostly based on the single point mooring principle, Floating Production Storage and Offloading (FPSO) systems, gas floating production facilities, mono column Tension Leg Platforms (TLP's) and fixed platforms.

Offshore oil and gas production services through FPSO's, owned and operated by the Group.

Special designs and engineering services are offered for dynamically positioned drillships, jack-up drilling platforms, jack-up platforms, including for civil construction, large capacity offshore cranes, elevating and lifting systems, semi-submersible crane vessels and other specialised work vessels.

For the dredging and shipping sector

Custom-built and standard dredgers, dredge components including automation systems and spare parts, mining equipment, custom-built ships, such as Ro-Pax ferries, cablelayers, offshore support vessels and more recently luxury yachts and river cruise vessels, as well as hydraulic piling hammers and heavy duty skidding systems for the offshore and on-land construction industry.

The Board of Management

Schiedam, 25 August 2003

For further information

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

in millions of dollars

	First half-year 2003	First half- year 2002	2002
Operating income	1,113.4	833.0	1,992.4
Operating costs	<u>(1,059.2)</u>	<u>(785.2)</u>	<u>(1,903.7)</u>

Operating profit	54.2	47.8	88.7
Share of results of associated companies	-	0.2	0.2
Other financial income / (expense)	<u>(24.2)</u>	<u>(8.4)</u>	<u>(26.9)</u>
Financial income / (expense)	<u>(24.2)</u>	<u>(8.2)</u>	<u>(26.7)</u>
Profit before taxation	30.0	39.6	62.0
Taxation	<u>4.9</u>	<u>3.4</u>	<u>16.2</u>
	34.9	43.0	78.2
Minority interests	<u>(0.7)</u>	<u>(0.6)</u>	<u>(0.8)</u>
Net profit	<u>34.2</u>	<u>42.4</u>	<u>77.4</u>

The half-year figures have not been audited.

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CONSOLIDATED BALANCE SHEET

in millions of dollars

	30 June 2003	31 December 2002
Fixed assets		
Intangible fixed assets	37.9	39.4
Tangible fixed assets	1,701.8	1,526.1
Financial fixed assets	<u>48.3</u>	<u>31.7</u>
	1,788.0	1,597.2
Net current assets	<u>48.6</u>	<u>39.1</u>
Net assets	<u>1,836.6</u>	<u>1,636.3</u>
Long-term debt	1,124.5	991.2
Provisions	6.7	4.2
Investment premium equalisation account	8.5	8.0
Group equity		
Shareholders' equity	694.2	629.9
Minority interests	<u>2.7</u>	<u>3.0</u>
	<u>696.9</u>	<u>632.9</u>
Capital employed	<u>1,836.6</u>	<u>1,636.3</u>

Number of shares outstanding	32,307,130	31,868,318
Share price (€)	44.46	50.30
Market capitalisation (€ mln)	1,436.4	1,603.0
Market capitalisation (US\$ mln)	1,649.7	1,675.4

The half-year figures have not been audited.

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CONSOLIDATED STATEMENT OF CASH FLOWS

in millions of dollars

	First half-year 2003	First half-year 2002
Operations		
Cash flow from operations	20.1	87.3
Financial income / (expense)	(30.8)	(14.7)
Taxation	(2.2)	(8.4)
	(12.9)	64.2
Investments	(229.1)	(367.7)
	(242.0)	(303.5)
Financing		
Issue of share capital	0.2	7.0
Dividends paid	(33.2)	(25.2)
Increase / (decrease) in long-term debt	139.1	289.5
(Increase) / decrease in other financial fixed assets	(16.5)	(14.5)
	89.6	256.8
Net in / (out)flow	(152.4)	(46.7)
Currency differences	17.9	12.0
Increase / (decrease) in cash and cash equivalents, securities	(134.5)	(34.7)
Reconciliation Operating profit / Cash flow from operations		
Operating profit	54.2	47.8
Depreciation and amortisation	<u>72.1</u>	<u>44.4</u>
EBITDA	126.3	92.2
(Increase) / decrease in other net current assets	(129.6)	(64.5)
Included in movement in other net current assets, but not related to operations	23.4	59.6
Cash flow from operations	<u>20.1</u>	<u>87.3</u>

The half-year figures have not been audited.

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MOVEMENTS IN SHAREHOLDERS' EQUITY

in millions of euros

	2003	2002
Balance at 1 January	629.9	519.7
Share options exercised	0.2	7.0
Settlement of dividend	21.1	14.1
Currency differences	5.9	61.9
Other movements	2.9	-
Net profit first half-year	<u>34.2</u>	<u>42.4</u>
Balance at 30 June	<u>694.2</u>	<u>645.1</u>

The half-year figures have not been audited.

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