

OPERATING RESULT ON TARGET – WRITE DOWN RE VAN DER GIESSEN-DE NOORD RESTRUCTURING

2 September 2002

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Highlights

- Half year profit increased from € 38.4 million to € 41.3 million
- New order intake to 30 June of € 1.5 billion compared to € 1.1 billion in 2001
- Order portfolio jumps by 26% compared with year-end 2001
- 3 major new lease and operate contracts, plus an order for an important upgrade to an existing system
- Market continues to be promising especially in the offshore sector
- € 25 million provision required to restructure van der Giessen-de Noord, to focus the Group's shipbuilding capacity more towards dredgerbuilding by reducing the non-dredger shipbuilding capacity
- Despite problems in order execution at van der Giessen-de Noord full year net operating profits forecast to rise by 20% to not less than € 96 million, prior to provision for restructuring van der Giessen-de Noord
- Decision to change the Group reporting currency to US dollars.

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1. Half-year results

The net profit after tax for IHC Caland for the first six months of 2002 was € 41.3 million (€ 1.31 per share) compared with € 38.4 million (€ 1.36 per share) at mid-year 2001, and with € 80.6 million (€ 2.76 per share) for the whole of 2001.

With the exception of van der Giessen-de Noord, who is experiencing serious difficulties in order execution, all major Group companies contributed positively to this result.

Cash flow for the half-year was € 84.5 million (€ 2.68 per share) compared with € 173.5 million (€ 5.93 per share) for the whole of 2001. Cash in hand plus securities at the end of June 2002 was € 151.7 million compared with € 208.4 million at the end of 2001.

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2. Forecast for the whole year 2002

As mentioned above, problems in order execution and underrecovery of capacity utilisation will mean that van der Giessen-de Noord will post a substantial loss for the year 2002. Nonetheless, in view of the continuing growth in revenues from the

Group's offshore activities, management is confident to achieve a net operating profit for the year 2002 of not less than € 96 million (€ 3.05 per share).

It is clear from van der Giessen-de Noord's lack of new orders over the last two years, that its market is changing, and the company's capacity is too high for the new situation. The position is also exacerbated by heavily subsidised competition from the Far East.

Accordingly a provision of maximum € 25 million will be made against the results of IHC Caland in 2002, in respect of restructuring and downsizing van der Giessen-de Noord. This will cover the cost of the capacity reduction including the lay-off of a considerable part of the current work force, some associated inefficiencies, and other related costs. The precise level of lay-offs will be determined within a period of three weeks.

The result will be a leaner, meaner shipyard, still with the capacity to build "jumbo" dredgers, when that market comes back.

The decision is in line with IHC Caland's policy to gradually refocus on dredgerbuilding, where the other group yards have a significant technological advantage.

Cash flow for the year is expected to rise to above € 190 million (€ 6.18 per share) prior to the provision for restructuring van der Giessen-de Noord.

Capital expenditure on FPSO's/FSO's is anticipated to be around € 700 million compared with € 225 million for 2001.

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3. New booked orders

New booked orders for the first half-year of 2002 totalled € 1.5 billion, compared with € 1.1 billion for the first half of 2001, and € 2.2 billion for the whole year. Order portfolio at 30 June stood at € 5.2 billion (year-end 2001 - € 4.1 billion).

A selection of important new orders includes:

- A contract from ExxonMobil for a seven year lease and operation of a second Generic FPSO. The unit is scheduled to work on the Zafiro field offshore Equatorial Guinea, with production start-up in the third quarter of 2003;
- Another seven year lease and operate contract from ExxonMobil for a third Generic FPSO through the Group's joint venture with Angolan state oil company, Sonangol. This unit will operate in deep water, on the Xicomba field, offshore Angola, and delivery is scheduled for fourth quarter 2003;
- A contract from Husky Oil Canada for a complex internal turret mooring for the client's new built FPSO to produce the White Rose Field in the harsh North Atlantic Ocean. The system will be delivered end 2004, for installation into the FPSO;
- An eight year time charter with ChevronTexaco's subsidiary Cabinda Gulf Oil Company for a Liquefied Petroleum Gas (LPG) Floating Production Storage and Offloading system (FPSO), also in joint venture with Sonangol. The unit will be used on the Sanha Field on Block 0, offshore Cabinda, Angola. Delivery is scheduled for early 2005;
- An order from Saibos for the supply of a deep water offshore buoy terminal for ExxonMobil's Kizomba A Field, on Block 15, Angola. The buoy will be installed in 1200 meters of water, and will be delivered early 2004;
- A contract with Cabinda Gulf Oil Company Ltd. for a five year lease of a major expansion of the process facilities on board the Kuito FPSO which is producing under a lease and operate contract on Block 14, offshore Angola. The contract will be executed in joint venture with Sonangol and start-up of the new process facilities is scheduled for first quarter 2003;
- A contract for a 4400 kW floating booster station for NMDC, Abu Dhabi;
- Orders for ten Beaver cutter suction dredgers from clients in France, Italy, USA, China, Colombia, India, Nigeria and the UAE;
- A contract extension from Boskalis for two deep dredging installations for dredging at 85 meters water depth for the two 16000m³ hopper dredgers presently under construction at Merwede yard;
- Contracts for two jack-up platforms for Besix and Hydro-Soil Services (Belgium).

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4. Other Important Events

(a) In view of the continually increasing importance of the US dollar in the business, the Group has taken the decision with effect from 1 January 2003, to change its reporting currency to the US dollar.

Implementation of this decision means that some of the Group's existing long-term foreign currency hedging contracts (selling US\$ to Euros) have been reversed, while the remainder will be converted to Euro purchase contracts in the new US\$ environment. The net cost of the reversal (€ 16 million) will be charged against Group profits over an eight year period commencing in 2003. It should be emphasised that this cost of reversal is not a new additional cost for the Group. In a Euro environment the foreign currency hedging costs would have been reflected in the Euro value of the US\$ profits, while in a US\$ environment, they will be reflected as a reduction of the US\$ profits.

(b) The Group's longest-serving FPSO, the FPSO II, which originally came into service in 1981, was sold for scrap after a long and profitable career, including three relocations on four different fields. The unit's final contract, with Petrobras, was terminated earlier than scheduled, against payment by the client of a compensation settlement.

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5. Funding

As already stated, the Group is reluctant to issue new equity due to the dilution effect, not to mention the immediate expectation of increased profits. It has instead chosen to add significant levels of long term debt, being a combination of corporate debt (mainly for the construction period of lease FPSO's and FSO's) and limited recourse debt during the charter contracts of the units. Leverage will increase significantly, but this is not perceived to be a problem as the assets financed have contracts which can comfortably repay the debt.

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6. Market developments

Several contracts were awarded in the offshore industry in the first half year of 2002, and the Group won a good share of these, especially in the FPSO lease and operate sector. The market continues to be promising, with additional FPSO lease opportunities coming to tender along with a number of very large FPSO supply contracts, mainly offshore West Africa, where the Group is targeting sales of complex components.

Increasing resources are being dedicated to internationalising (i.e. expanding outside the Gulf of Mexico) the market for Atlantia Offshore's mono column Tension Leg Platform. This process takes time, but is expected to produce important results in the medium term.

There is a great deal of attention currently being paid, especially by the majors, to offshore gas technology. The Group was successful in obtaining an eight-year lease and operate contract for a Liquefied Petroleum Gas (LPG) FPSO from Chevron Angola for its Sanha field. The Group is also performing studies for a number of major oil companies in relation to the supply of frontier technology components for proposed offshore Liquefied Natural Gas (LNG) FPSO's, with the longer term objective to build a strong presence in the supply of storage and/or production floating facilities.

The continuing build-up of skilled personnel in its three centres of operation (Monaco, Schiedam and Houston) allows the Group to execute a large number of technically challenging projects simultaneously. In the dredgerbuilding division, demand continues to be steady. Clients are mainly interested in replacing their small to medium size (5000 – 16000m³) hopper dredgers, as well as continuing to invest in the smaller standard cutter suction dredgers of the Beaver series. In the medium term, increased demand can be anticipated for large cutter suction dredgers (for competitive reasons) and also for sea-going sand and gravel dredgers once the economy and the construction industry pick up. The Group is currently building the largest self-propelled cutter suction dredger in the world, for a West European client, and executing a number of conversion projects on sand and gravel dredgers. The yards of the two Group companies focusing mainly on dredgerbuilding are full until the second half of 2003.

The picture for specialised shipbuilding is less rosy. In spite of the new safety norms being introduced for passenger ferries, demand is slow and competition is stiff. In time however, demand is bound to improve.

Despite the boom in the offshore oil and gas industry, demand for new offshore work vessels is also somewhat slow. The Group's specialised shipbuilding yard is in need of new business more or less immediately and has a couple of promising targets in its sights.

Competition is limited in the dredgerbuilding sector (since the demise of the Spanish tax lease financing) but still intense in the specialised shipbuilding sector, partly from Korea but especially from European yards.

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7. Financial agenda

Preliminary results 2002	27 January	2003
Final results 2002– Press release	27 March	2003
Final results 2002– Press conference (14.00 hrs IHC Caland, Schiedam)	27 March	2003
Final results 2002– Analysts presentation (Amsterdam)	31 March	2003
Final results 2002 – Analysts presentation (London)	1 April	2003
Annual Report 2002	Begin-May	2003
Annual General Meeting of Shareholders 2003	16 May	2003
Midyear figures 2003– Press release	25 August	2003
Midyear figures 2003– Press conference (14.00 hrs IHC Caland, Schiedam)	25 August	2003
Midyear figures 2003– Analysts presentation (Amsterdam and London)	26 August	2003

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8. 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, spare parts and mining equipment, custom-built ships, such as Ro-Pax ferries, cablelayers, offshore support vessels and more recently luxury yachts and river cruise vessels.

The Board of Management Schiedam, 2 September 2002

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Consolidated profit and loss account

in millions of euro's

	First half-year 2002		First half-year 2001		2001	
Operating income	795.0		517.7		1,212.0	
Operating costs	(748.7)		(458.6)		(1,098.3)	
Operating profit		46.3		59.1		113.7
Share of results of associated companies	0.2		0.1		0.6	
Other financial income / (expense)	(8.4)		(12.2)		(22.3)	
Financial income / (expense)		(8.2)		(12.1)		(21.7)
Profit before taxation		38.1		47.0		92.0
Taxation		3.9		(8.3)		(11.0)
		42.0		38.7		81.0

Minority interests		(0.7)		(0.3)		(0.4)
Net profit		41.3		38.4		80.6

Consolidated balance sheet

in millions of euro's

	30 June 2002		31 December 2001	
Fixed assets				
Intangible fixed assets	36.2		41.4	
Tangible fixed assets	1,227.9		950.1	
Financial fixed assets	24.7		9.0	
		1,288.8		1,000.5
Net current assets		40.8		15.3
Net assets		1,329.6		1,015.8
Long-term debt		663.7		416.2
Provisions		6.9		6.6
Investment premium equalisation account		8.0		8.2
Group equity				
Shareholders' equity	648.3		583.9	
Minority interests	2.7		0.9	
		651.0		584.8
Capital employed		1,329.6		1,015.8

Number of shares outstanding		31,863,318		31,413,852
Share price (€)		60.55		52.50
Market capitalisation (€ million)		1,929.3		1,649.2

The half-year figures have not been audited.

Consolidated statement of cash flows

in millions of euro's

	First half-year	First half-year	
	2002	2001	2001

Operations					
Cash flow from operations	81.7		65.4		166.4
Financial income / (expense)	(14.7)		(11.9)		(22.6)
Taxation	(7.3)		(7.1)		(19.8)
	59.7		46.4		124.0
Investments	(376.5)		(50.7)		(282.7)
		(316.8)		(4.3)	(158.7)
Financing					
Issue of share capital	7.8		4.6		138.9
Dividends paid	(27.4)		(25.3)		(25.3)
Increase / (decrease) in long-term debt	290.9		(13.2)		(21.7)
(Increase) / decrease in other financial fixed assets	(15.9)		(1.0)		0.1
		255.4		(34.9)	92.0
Net in / (out)flow		(61.4)		(39.2)	(66.7)
Currency differences		4.5		8.6	5.8
Increase / (decrease) in cash and cash equivalents, securities		(56.9)		(30.6)	(60.9)
Reconciliation Operating profit /					
Cash flow from operations					
Operating profit		46.3		59.1	113.7
Depreciation and amortisation		43.2		48.3	92.9
EBITDA		89.5		107.4	206.6
(Increase) / decrease in other net current assets		(55.0)		(54.3)	(27.3)
Included in movement in other net current assets, but not related to operations		47.2		12.3	(12.9)
Cash flow from operations		81.7		65.4	166.4

Movements in shareholders' equity

in millions of euro's

	2002	2001
Balance at 1 January	583.9	394.8
Share options exercised	7.8	4.6
Settlement of dividend	15.3	13.1
Net profit first half-year	41.3	38.4
Balance at 30 June	648.3	450.9

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