

Operational Highlights and Key Figures Q1 2021

Operational highlights

- > One Lost Time Injury
- > Production of monopiles for Hollandse Kust Zuid and preparations for Dogger Bank A;
- > Marshalling services for Kincade floating wind project and preparations for contract with Siemens Gamesa for marshalling services as of December 2021;
- > KCI the engineers acquisition finalized and consolidated as of 1 March 2021;
- > Continued mitigation measures in relation to COVID 19 pandemic;
- > Workforce at end of Q1 (KCI included) at 389 permanent and 177 flexible FTE (End of Q1 2020; 312 permanent and 236 flexible);
- > Sick leave at 4.4% (8.2% Q1 2020);
- > Total throughput of approximately 44 Kton steel or 53 monopiles (35 Kton in Q1 2020).

Key figures

- > Contribution €27.1m (€20.8m Q1 2020) of which €0.4m for marshalling (€0.4m in Q1 2020) and €0.4m for engineering services;
- > EBITDA €8.1m (€2.7m Q1 2020);
- > Net Working Capital at end of Q1 2021 - €24.9m (- €41.8m at end Q1 2020);
- > Net cash at the end of Q1 2021 €36.7m (€ 21m net cash at end Q1 2020)¹;
- > Order book approximately 140 Kton for remainder 2021 and 250 Kton for 2022-2023.

Fred van Beers, CEO of Sif Group, comments:

“During the first quarter of 2021 we mainly manufactured monopiles for the Hollandse Kust Zuid project. Sick leave numbers have returned to normal levels but precautionary measures, such as weekly and sometimes daily preventive testing still have an impact on efficiency. Based on our current order book, our total production in 2021 will end in line with our earlier indication of 185 Kton or 200 monopiles, resulting in a markedly higher EBITDA level compared to 2020

Activity levels in tendering for offshore wind projects were unvaried high. Our orderbook of 390 Kton stretches out into 2023. We currently are pre-qualifying or tendering for projects in European, American and Asian waters for the 2023 and beyond timeframe. The vast majority of these projects assume 13 to 15 MW turbines and envisage monopile foundations with diameters beyond 9 meters and lengths up to 100 meters. We are in the process of an extensive research study into the impact hereof on our production facilities. The results of this study will be shared with the market later this year.”

¹ Net debt corrected for IFRS16 effects.

In € (millions)	Q1 2021	Q1 2020
Contribution	27.1	20.8
EBITDA	8.1	2.7
Production (in Kton)	44	35

Order book (Kton) as at 12 May 2021	For remainder 2021	For 2022 and beyond
Contracted	140	250
Exclusive negotiation	0	0
Total	140	250

Q1 2021 Results development

Contribution

Production in Q1 2021 mainly consisted of the Hollandse Kust Zuid project. Total production of 44 Kton resulted in contribution of €27.1 million or €616 per ton (€20.8m or €594 per ton in Q1 2020). Contribution levels may vary quarter-to-quarter and depend upon progress and (level of) completion of projects. The contribution margin in Q1 2021 reflects the early stage of manufacturing for this extremely large project.

Contribution is calculated as revenue minus cost of raw materials, subcontracted work, logistics and other external project-related charges, and is a key financial indicator for Sif.

EBITDA

EBITDA in Q1 2021 amounted to €8.1 million compared to €2.7 million in Q1 2020. EBITDA per ton was €184 in Q1 2021 compared to €77 per ton in Q1 2020. The contribution-per-ton to EBITDA-per-ton comparison indicates the higher level of productivity or output of completed products.

EBITDA is calculated as profit before finance expenses, tax, depreciation, amortization.

Net debt, working capital and Return on Capital Employed

Net cash improved from approximately €21 million end of Q1 2020 to €36.7 million at the end of Q1 2021. Net working capital was -€24.9 million at the end of Q1 2021 compared to -€2.9 million at the end of 2020. Changes in net working capital reflect, among others, the prepayments received from clients.

With solvency (excl. IFRS 16) at 44% at the end of Q1 2021 and leverage of 0, Sif stayed comfortably within covenants of 35% and 2.5 respectively. Return on Average Capital Employed (ROACE) arrived at 22% using EBIT as a percentage of average equity, loans and borrowings, excluding lease commitments minus cash.

Order book and outlook

The order book for the remainder of 2021 (1 April- 31 December) currently stands at approximately 140 Kton. On that basis we now assume that 185 Kton will be the production level for the full year

2021 which is markedly higher than the 164 Kton in 2020. EBITDA for 2021 is also expected to be markedly higher than the 2020 EBITDA.

Utilization of capacity is based on steel throughput and on the number of finished products. It is important to combine these two indicators, since foundations may become larger (longer and with greater diameters) and foundation wall thicknesses may become smaller. This will affect both monopile weight and production methods. Sif's production capacity is at least 200 Kton (on standard 24/5 factory hours). Based on these 24/5 working hours, Sif manufactures approximately four to five monopiles a week. Our order book, the tender pipeline and market demand for 2022 and beyond indicate that capacity utilization at Sif is firm until well into 2023 and offers ample opportunity for healthy capacity utilization going forward.

Financial Calendar 2021

12 May 2021	Annual General Meeting (AGM) of shareholders 2020; start at 10:00 hrs CET. AGM can be followed through webcast. Link to webcast is on Sif-homepage www.sif-group.com
27 August 2021	Publication of 2021 interim results
5 November 2021	Publication of Q3 2021 results

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