



## Full Year 2016

Solid Results in Breakthrough  
Year for Offshore Wind

Roermond, The Netherlands – 29 March 2017



**Sif**

## Key figures and highlights

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> **Operational highlights:**

- > Lost Time Injury Frequency below 3
- > Successful delivery of monopiles and transition pieces for Galloper, Dudgeon and Rampion
- > Successful delivery of components for Sverdrup and Maersk jackets
- > Construction of new plant at Maasvlakte 2 near Rotterdam
- > Total throughput of approximately 191 Kton of steel

> **Financial key figures:**

- > Contribution 2016: € 129.5 million, 28.9% higher than 2015 (€ 100.5 million)
- > Normalized EBITDA: 2016 € 65.4 million, 13.1% higher than 2015 (€ 57.8 million)
- > Net earnings 2016: € 37.4 million, 5% higher than 2015 (€ 35.6 million)
- > Earnings per share 2016: € 1.47, 5% higher than 2015 (€ 1.40)
- > Dividend proposal € 0.37 cash per share
- > Revenue 2016: € 400.3 million, 24.6% higher than 2015 (€ 321.3 million)
- > Working Capital at year end: € 8.3 million (YE 2015 € 19.3 million)
- > Net Debt at year end: € 42.0 million (YE 2015 € 26.9 million)
- > Sif Group financing arrangements modified
- > Order book: 210 Kton for 2017 and 98 Kton for 2018

Jan Bruggenthijs, CEO of Sif, comments:

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"Sif has focused on the production of monopiles for offshore windfarms since the turn of the millennium. Interest in sustainable energy has gradually increased and the number of offshore wind projects is growing steadily. With Levelized Costs of Energy (LCOE) dropping well below the 2020 target of € 100 per kwh, 2016 can be considered a breakthrough year for wind farm projects.

Our results for 2016 with 191 Kton produced are solid and at 210 Kton our order book for 2017 is well filled. With the delivery of foundations and transition pieces for projects like Galloper, Rampion and Dudgeon, Sif now ranks among the largest suppliers of monopiles for wind farms.

For the longer term we foresee further growth and healthy market conditions. Our € 90 million investment programs in the new plant at Maasvlakte 2 and improvements in Roermond are increasing Sif's capacity from 225 Kton at the end of 2015 to 300 Kton on completion of the new plant at the end of 2017. The development of XL monopiles supports scale growth in offshore wind farms.

Sif is well positioned to benefit from the longer term market growth. Viewed on a year-to-year basis, utilization and results may be volatile. This is a characteristic of the project environment in which Sif is active: new projects involve large investments and complicated political or commercial decision processes. The shift of the anticipated grid connection of French and Dutch projects from 2020 to 2021 illustrates this. This will affect the wind farm supply-chain. In 2017 we will focus on the acquisition of projects matching our production schedule for 2018 and on measures that further strengthen our organization and cost- structure."

In € million	Q4 2016	Full Year 2016	Full Year 2015	Change Y on Y
Contribution	30.9	129.5	100.5	+28.9%
EBITDA normalized	10.5	65.4	57.8	+13.1%
Revenue	86.5	400.3	321.3	+24.6%
Net earnings	3.2	37.4	35.6	+5%
Earnings per share		1.47	1.40	+5%

  

Orderbook In Kton year end	For 2017	For 2018	For 2019	Total
Contracted	210	73	0	283
Exclusive negotiation	0	25	0	25
Total for the year	210	98	0	308

## FY 2016 results development

All amounts and numbers in this results press release are based on the Company's annual accounts which will be presented to the Annual General Meeting of Shareholders for approval on 18 May 2017.

### Contribution

Contribution in Q4 2016 amounted to € 30.9 million (€ 30.9 million in Q4 2015). This brings the 2016 full-year total to € 129.5 million compared to € 100.5 million in 2015. The start-up of the Rotterdam plant had an impact on contribution in Q4. The 28.9% year-on-year increase was mainly driven by exceptionally high production volumes throughout the first three quarters of 2016 which almost reached the maximum production capacity for the wind business.

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

### EBITDA

Normalized EBITDA for 2016 amounted to € 65.4 million compared to € 57.8 million in 2015. The reported EBITDA of € 58.6 million has been normalized for IPO related costs of € 6.8 million. EBITDA in any reporting period can be volatile as Sif's order book contains a relatively limited number of projects (23 for offshore wind and oil & gas in 2016).

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

### Net debt

Net debt increased from approximately € 27 million at the end of 2015 to approximately € 42 million at the end of 2016. Most of this increase was due to the € 90 million investment program that Sif implemented in 2016 when constructing the new plant in Maasvlakte 2 and new offices in Roermond.

These investments will increase annual capacity from 225 Kton to 300 Kton in the course of 2017. The financing arrangements of Sif Group were modified at the end of 2016. The key amendments were an increase of the Revolving Credit Facility (RCF) from € 30 million to € 90 million, repayment of the Term loan of € 56 million, an increase of the Committed Guarantee Facility (CGF) from € 85 million to € 160 million, cancellation of the CAPEX covenant and the extension of the facility to 30 June 2019.

### The production expansion program

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On 2 January 2017, just 14 months after the first piles were driven, the first load-out of monopiles manufactured in the new Maasvlakte 2 plant marked the technical completion of the new facility. The completion of the two planned production lines will increase Sif's production capacity from 225 Ktons to 300 Ktons. The lease agreement with the Port of Rotterdam has added 42 hectares of shore-front production and storage capacity to Sif's production and storage facilities. In the second half of 2017 the second production line in Maasvlakte will become operational and the upgrading of Sif's production capacity to 300 Kton per annum will be complete.



### Employees

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Sif employed 620 people at the end of 2016, an increase of 22.5% compared to 2015 (end of 2015: 506). Of these 620 employees, 223 are permanent staff on Sif's payroll. Safety is of primary importance and Lost Time Injury Frequency (LTIF) is, therefore, considered a key performance indicator. With an LTIF of 2.83 in 2016, the LTIF target of below 3 (compared to 7.19 in 2015) was met. Sickness leave remained stable at 4% in 2016.

### Executive Board statement

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The financial statements included in the 2016 Annual Report were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and with Part 9 of Book 2 of the Dutch Civil

Code. To the best of the Executive Board's knowledge these financial statements give a fair view of the assets, liabilities, financial position and profit or loss of Sif Group and its consolidated companies during 2016. To the best of the Executive Board's knowledge the Executive Board report included in the 2016 Annual Report gives a fair view of the situation on the balance sheet date and developments during the financial year of Sif Holding N.V. and its affiliated companies included in the consolidated financial statements and of the main risks faced by Sif Group.

## Outlook

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In 2016, 191 Kton of the 225 Kton production capacity available was utilized. The maximum capacity for 2017 has already increased and will increase further to 300 Kton on a full year basis once the second production line becomes operational in the second half of 2017. At 210 Kton the orderbook for 2017 is well filled and will result in another year of high utilization.

Long-term projections for European offshore wind look healthy with a 12% compound annual growth rate for the period 2015- 2025 (source: MAKE Consultants). The awarding of projects is subject to complicated (political) decision processes and may be volatile on a year-to-year basis. Projects schedules may change, as is currently the case for projects in France and The Netherlands where the anticipated grid connection has moved from 2020 to 2021. This is also reflected in Sif's order book for 2018 with 98 Kton and lead times for new projects of at least one year.

## Dividend proposal

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Net earnings for 2016 amounted to € 37.4 million. During the Annual General Meeting Shareholders on 18 May 2017 the Executive and Supervisory Boards will propose that 25% of net earnings be paid out as a dividend. With 25,501,356 shares issued and listed this amounts to € 0.37 or 25% of € 1.47 earnings per share. This is in line with the dividend policy of Sif.

## Financial Calendar

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29 March 2017	Publication of 2016 results
18 May 2017	Annual General Meeting of Shareholders
19 May 2017	Q1 2017 trading update
22 May 2017	Ex- dividend date
23 May 2017	Dividend record date
30 May 2017	Payment date for dividend to intermediaries
24 August 2017	Publication of 2017 interim results
10 November 2017	Q3 2017 trading update

## Explanation of 2016 results

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Following this release, the CEO and CFO of Sif will present the 2016 figures during a conference call on 29 March 2017 at 10.00 AM CET. This call will be audio- webcast and a transcript will be available shortly after the call ends. The conference call with Q and A can be followed through the link on the Company's website: [www.sif-group.com](http://www.sif-group.com)

## Contact

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**disclaimer**

Some of the statements contained in this release that are not historical facts are statements of future projections and other forward-looking statements based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those in such statements. Historical results are no guarantee for future performance. Forward-looking statements are subject to business to differ materially and adversely from the forward-looking statements. Certain forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "may", "will", "should", "would be", "expects" or "anticipates" or similar expressions, or the negative thereof, or other variations thereof, or comparable terminology, or by discussions of strategy, plans, or intentions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release as anticipated, believed, or expected. Sif does not intend, and does not assume any obligation, to update any industry information or forward-looking statements set forth in this release to reflect subsequent events or circumstances. The content of this trading update is for information purposes only and not intended as investment advice, or offer or solicitations for the purchase or sale in any financial instrument. Sif does not warrant or guarantee the completeness, accuracy, or fitness for any particular purposes in respect of the information included in this release.

Consolidated statement of profit or loss and other  
comprehensive income for the year ended 31 December 2016

Amounts in € 000	2016	2015
<b>Total revenue</b>	400,318	321,343
Raw material	138,350	103,630
Subcontracted work and other external charges	115,576	102,645
Logistic and other project related expenses	16,912	14,532
Direct personnel expenses	30,127	21,996
Production and general manufacturing expenses	12,927	7,439
Indirect personnel expenses	12,479	8,036
Depreciation and amortization	8,684	6,986
Facilities, housing and maintenance	3,850	2,031
Selling expenses	670	577
General expenses	4,079	5,389
Other (income)/ expenses	6,732	(184)
<b>Operating profit</b>	49,932	48,266
Finance income	34	99
Finance costs	(2,052)	(2,065)
<b>Net finance costs</b>	(2,018)	(1,965)
<b>Profit before tax</b>	47,914	46,301
Income tax expense	10,549	10,673
<b>Profit attributable to the shareholder</b>	37,365	35,628
Other comprehensive income	-	-
<b>Total comprehensive income</b>	37,365	35,628



**Earnings per share**

Number of ordinary shares outstanding	25,501,356	25,501,356
Basic earnings per share (€)	1.47	1.40
Diluted earnings per share (€)	1.47	1.40



Consolidated statement of financial position as at 31  
December 2016

Amounts in € 000	31-12-2016	31-12-2015
<b>Assets</b>		
Intangible fixed assets	143	-
Property plant and equipment	115,103	51,703
Investment property	375	375
Investment in joint ventures	16	-
Other financial assets	719	-
<b>Total non- current assets</b>	116,356	52,078
Inventories	190	196
Work in progress- amounts due from customers	17,390	64,530
Trade receivables	69,112	67,040
Other financial assets	5	67
Prepayments	3,223	547
Cash and cash equivalents	304	28,733
<b>Total current assets</b>	90,224	161,112
<b>Total assets</b>	<b>206,580</b>	<b>213,189</b>

Consolidated statement of financial position as at 31  
December 2016 (continued)

Amounts in € 000	31-12-2016	31-12-2015
<b>Equity</b>		
Share capital	5,100	45
Additional paid-in capital	1,059	1,059
Retained earnings	28,391	(2,182)
Result for the year	37,365	35,628
<b>Total equity</b>	71,915	34,551
<b>Liabilities</b>		
Loans and borrowings	42,273	49,376
Other non-current financial liabilities	392	960
Employee benefits	252	218
Deferred tax liabilities	328	812
<b>Total non-current liabilities</b>	43,245	51,367
Loans and borrowings	-	6,250
Trade payables	50,536	70,995
Work in progress-amounts due to customers	31,113	41,969
Employee benefits	1,445	871
Wage tax and social security	923	556
VAT payable	510	1,044
CIT payable	2,258	2,267
Other current liabilities	4,635	3,320
<b>Total current liabilities</b>	91,420	127,272
<b>Total liabilities</b>	134,665	178,639
<b>Total equities and liabilities</b>	206,580	213,189

Consolidated statement of changes in equity for the year  
ended 31 December 2016

Amounts in € 000	Share capital	Additional paid-in capital	Retained earnings	Result for the year	Total equity
<b>Balance as at January 2016</b>	45	1,059	(2,182)	35,628	34,551
Appropriation of result	-	-	35,628	(35,628)	-
Issue of share capital	5,055	-	(5,055)	-	-
<b>Total comprehensive income</b>					
Profit attributable to the shareholder	-	-	-	37,365	37,365
<b>Total comprehensive income</b>	-	-	-	37,365	37,365
<b>Transactions with owners of the company</b>					
Dividend distribution	-	-	-	-	-
<b>Total transactions with owners of the company</b>	-	-	-	-	-
<b>Balance as at 31 December 2016</b>	<b>5,100</b>	<b>1,059</b>	<b>28,391</b>	<b>37,365</b>	<b>71,915</b>
<b>Balance as at 1 January 2015</b>	45	1,059	26,376	27,996	55,476
Appropriation of result	-	-	27,996	(27,996)	-
<b>Total comprehensive income</b>					
Profit attributable to the shareholder	-	-	-	35,628	35,628
<b>Total comprehensive income</b>	-	-	-	35,628	35,628

<b>Transactions with owners of the company</b>					
Dividend distributions	-	-	(56,553)	-	(56,553)
<b>Total transactions with owners of the company</b>	-	-	(56,553)	-	(56,553)
<b>Balance as at 31 December 2015</b>	<b>45</b>	<b>1,059</b>	<b>(2,182)</b>	<b>35,628</b>	<b>34,551</b>

Consolidated cash flow statement for the year ended 31  
December 2016

Amounts in € 000	2016	2015
<b>Cash flow from operating activities</b>		
Profit before tax	47,914	46,301
Adjustments for:		
Depreciation and amortization	8,684	6,986
Net finance costs	2,018	1,965
Changes in net working capital		
• inventories	6	92
• work in progress amounts due/from customers	36,284	(15,874)
• trade receivables	(2,072)	(60,548)
• prepayments	(3,386)	(441)
• trade payables	(24,760)	52,469
	16,774	(15,350)
VAT payable and receivable	(535)	1,044
Other financial assets	71	203
Employee benefits	608	(57)
Wage tax and social security	368	(802)
CIT payable	-	2,267
Other current liabilities	1,315	2,844
	1,827	5,499
Income taxes paid- via shareholder	-	(8,905)
Income taxes paid	(11,041)	-
Interest paid- via shareholder	-	(606)
Interest paid	(2,587)	(1,518)
<b>Net cash from operating activities</b>	<b>52,887</b>	<b>25,421</b>
<b>Cash flow from investing activities</b>		
Purchase of intangible fixed assets	(156)	-
Purchase of property, plant and equipment	(67,771)	(14,491)
Investments in joint ventures	(20)	-
Loans and borrowings to joint ventures	(15)	-
Current account with shareholders	-	(1,930)
<b>Net cash from (used in) investing activities</b>	<b>(67,962)</b>	<b>(16,421)</b>
<b>Cash flow from financing activities</b>		
Proceeds from new borrowings	42,896	20,626
Repayments of borrowings	(56,250)	(2,000)
dividends	-	(23,887)
<b>Net cash from (used in) financing activities</b>	<b>(13,354)</b>	<b>(5,261)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	(28,429)	3,740
<b>Cash and cash equivalents as at 1 January</b>	<b>28,733</b>	<b>24,993</b>
<b>Cash and cash equivalents as at 31 December</b>	<b>304</b>	<b>28,733</b>

