Sif

Sif Group Interim 2022 Result

Friday, 26th August 2022

Transcript produced by Global Lingo
London – 020 7870 7100
www.global-lingo.com

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Fred van Beers: A very good morning, everybody, and welcome to the SIF Interim Results presentation of the half year numbers of '22. My name is Fred van Beers, CEO of Sif. And with me is Ben Meijer, our CFO. And we together try to explain and expect to explain to you what we did in the first half year.

Live with us are sell-side analysts from Dutch equity brokers and independent analysts. And on the conference call, we have analysts from Norway and the UK. So, if you have any questions or a remark that relates to the presentation, you are invited to use the button and instructions will follow after this presentation on how exactly to do this all.

Let's go to the next page, which is already on the screen, I see, at least here. And what you see, this – this page is all about safety. First of all, here in this meeting room for those of who are present here, there is no test foreseen. So, whatever you hear and even if it is a test, the message is follow the green signs of the exit, listen to the employees of this place, and they will guide you to a safe place.

Looking at the results of the first half year on safety, we cannot be satisfied. From what you see here on the screen, our lost time injuries were up to five in the first half of this year, leading to a lost-time injury frequency of 8.9%, which is a running 12-month number. Showing clearly that over the last year, we've seen a quite significant increase in the lost time injuries. And that, of course, is a bit of a concern to us because we spend a lot of time, effort on cultural change instructions, training and what have you. But we basically see two reasons here that surface why this number is so high.

One is the increasing inexperience of people and workforce that we hire. But it's like in any industry, a big problem to find the right people. And we have concluded that we need to invest a lot more time and effort in order to bring people up to a sort of basic level to make them work some sort of safe in our factory, especially in Roermond.

Because why am I saying Roermond, the products have increased to such a size that it becomes extremely risky, so to say, or let me put it differently, the risk of running into an accident leading to an injury has increased massively because of big products in quite limited space in Roermond. So, we are working on this. We are not happy with that because it's something that you don't want to show as a company active in this business.

Secondly, the sickness rate, you see 7.2% first half, that looks high. It is though in balance with the industry at this moment, and it's coming down quite rapidly. The reason why it's so high was in the first quarter and as part of the second quarter, high numbers due to COVID. A lot of infections again and flu, to be honest, which led to a high sickness rate.

Let's go to the next page. So, what did we do from an operational perspective? We worked on quite a number of projects. I think they're all known to you to most of you. Hollandse Kust Zuid was completed from a production perspective. They're painting mainly. And as we speak now, we have the last few monopiles at our sites, the rest being installed in the field already.

We furthermore worked on the Dogger Bank projects that's on the top right side, where you see the installation of the first monopiles and transition pieces at the Dogger Bank A in May. We are full-fledged busy now with the production of Dogger Bank B transition pieces and the monopiles. And the Hollandse Kust Zuid north project is fully up and running in our factory.

So, we're working on quite some projects simultaneously. Dogger Bank has been, as I already said it in relation to safety, an interesting project so far for us because it's the biggest – these are the biggest foundations we have produced so far with weights ranging between 900 and 1,300 tonnes per monopile and a diameter close to nine metres already.

Furthermore, we have been steadily, I would say, working together with – or Siemens has been working on the Hollandse Kust Zuid project. You see that on the bottom left picture, the Osprey, the ship doing the installation for Hollandse Kust Zuid turbines running quite smoothly, I must say, and in good cooperation. We're pretty happy with that order and with this cooperation.

And then the last project we completed and has been finalised nearly by means of the turbine installations itself is the Maasvlakte 2 project, small project, but at our front door. So, we're happy to show that to our people – the people visiting us that we actually can supply also nearby monopiles. Everything running smoothly there.

Next page is about the future. So, what did we do from a contract win perspective in the first half year? Basically, two orders for '23 resulting in the fact that '23 starts looking quite nice and full with more balanced spread over the production factories, small production lines and bigger production lines. One is the transition pieces for He Dreiht.

We would have loved to deliver the monopiles as well. But unfortunately, we had to step out of the monopile programme since we were fully booked already for that period with 64 transition pieces, 36 kilotons, very nicely as an addition to the exist already booked orders for monopiles, and not yet to be disclosed project and also for transition piece, I can tell you, is for 19 kilotons, where we have signed a capacity reservation, which is already leading to some – has led to some financial commitments from our customers. So, it's very close to becoming a disclosed project, let me put it that way.

These two projects, of course, do not include the 400 kilotons that we are discussing for the new factory. Yeah. That's on top of this still to be finalised. And I will come back to that a little bit later how that is progressing, the new build project.

So, for now, I hand over to Ben to go a bit in depth through the numbers, and I'll come back for a few slides after him.

Ben Meijer: Thank you, Fred. So indeed, where did this bring us in terms of numbers? Production came in at 89 kilotons, which was almost equal to the first half of last year, slightly better. Equally important is also the number of foundations we produced. In the first half of 2022, we manufactured 74 monopiles and 55 transition pieces compared to 102 monopiles and three transition pieces in the first half of 2021.

For the full year 2022, we expect an output of around 174 kilotons, implying that production for the second half will be close to 85 kilotons, reflecting also the holiday effect so that should do a little bit less production in the second half compared to the first half. Contribution margin, in absolute numbers, improved with more than 10% compared to the first half of 2021. And this was mainly related to increased marshalling income and income from other activities, including, KCI the Engineers.

If we look at important perimeter, contribution margin per tonne, clean for the contribution from marshalling and other activities, so that you purely look at the contribution margin per tonne for monopiles and transition pieces, we see a number of €612, which is in line with the first half of 2021.

EBITDA on an adjusted basis, that's EBITDA cleaned for the one-off impact of costs you have to make in relation to the expansion product- – projects came in at €21.1 million, which is slightly above prior year. And as mentioned, the adjustments to come to underlying EBITDA to adjusted EBITDA related to the one-off expenses for the expansion plans of our production facilities.

Reported EBITDA €19.1 million, and for the full year, we confirmed that our adjusted EBITDA is expected to come in slightly ahead of prior year. And last year, we reported a number of €39.4 million. As mentioned before, working capital was volatile over the quarters and was negative with €42 million, with the exception of IFRS 16-related lease liabilities. We have no external debt and the cash position was reported at €58 million at the end of the first half.

As explained before, it's a snapshot situation. If you look at working capital, if you look at cash, it's interrelated to business and depending, amongst others, on the status of projects, invoicing, and payment behaviour. Next slide, please.

We have defined three important non-financial KPIs on which we have also requested Ernst & Young to provide limited assurance for full year reporting, so not for the half year numbers. If you look at the CO2 emission per tonne, it slightly increased and this is directly related to the product mix. And the reason is that in the first half of 2022, we have produced more transition pieces, and this implies more ship movements with our subcontractor Smulders in Hoboken to apply secondary steel.

Footprint from these extra ship movement was partly compensated by conversion of gas preheating to electrical preheating at seven workstations. If we look at net CO2, it was zero, which is directly related to the wind turbine at the Sif site in Rotterdam.

Second KPI, which we introduced by the end of last year is related to the contribution of Sif to the renewable energy, which increased to 803 megawatts in the first half of 2022 compared to 476 megawatts in the first half of 2021. And for me, a more real number is, if you look at 803 megawatts, it basically reflects 800,000 households. So also in the first half of 2022, our contribution from this perspective was to supply energy for 800,000 households.

KPI for safety is LTIF and a number of lost-time incidents in relation to every million where man hours worked. And as explained already by Fred, this number was too high in the first half of 2022, and also measures have been taken to reduce this number.

Then brief slide regarding the operational situation per today. And if you look at today's situation, everybody knows that we are in a more or less confused world, and we can say that still both plates and flanges for our order book are secured. The pass-through pricing of steel to Sif is more or less irrelevant. This is, however, different for energy cost.

So, if you look at energy costs, this is indeed directly impacting our bottom line. And if we look at the first half of 2022 compared to the first half of 2021, we see a negative impact from energy prices on the bottom line of €2.5 million.

Adjusted EBITDA is slightly ahead of prior year, and this negative impact was offset by, amongst others, increased result in the marshalling segment.

An actual operating challenge today is the drought and the low water levels in the various rivers. Products steel plates to Roermond and cans to Rotterdam are transported at the moment in smaller batches. At the short term, we are able to mitigate shortage by buffering sufficient stock in Roermond and Rotterdam, but that's at the short term. So also indeed by the end of September, at some time, it needs to start raining again.

Tender activity is unchanged with special attention for sourcing of steel. Recruitment activity is very high. That's the challenge we face at the moment. Also, if you look at staffing, if you look at personnel to find right qualified people is an additional challenge to make sure and to secure that we have a flawless operation.

Please turn to the next slide, where I hand back to Fred.

Fred van Beers: Thank you very much, Ben. So, I think this picture is known to everybody. We've shown it consistently over the years, I think. But well, basically, the message is, and that's unchanged. The step changes have been there in the past but have become increasingly bigger if you look at them individually.

And I think at this moment or we know at this moment, we are facing a step change towards the 14 to 15 megawatt turbines, if not bigger. And the step change we have to make is also the biggest in our history, to be honest. And that's why we are very, very carefully working on this. And unfortunately, we had to postpone the FID. We had hoped to be able to give full disclosure before the summer break. But, well, we have decided to take our time as needed. We will come back to you as soon as possible when we know exactly when we can disclose.

I think a few things are important here. First of all, and this has been – and I'm only echoing, I think, others in the supply chain. The supply chain is tight and all supply chain parties are facing the same challenge of how am I going to earn back my investment? So, profit levels throughout the supply chain have to be healthy and have to be consistently healthy in order to justify a quite substantial investment that not only us, but others have to take.

And we've communicated this before, but a three-year earn back, maximum four year is definitely a very strict, I would say, condition that we want to fulfil in order to go to an FID moment here. And having said that, we are positive in respect of reaching that point and not only an earn back period, but also later on, of course, some earnings for the shareholders and the company itself because earn back is one thing. After that, you need to earn your money even more. Isn't it?

And this is the – basically this is one of the elements that we are working on. As said, we are still very positive that we can reach this moment, but we're not going to disclose anything before we are sure on this. And I think the other element I'd like to mention is related to permits. We're working on that as well, but we want to be sure that both on the nitrogen, which is in Holland, an interesting debate has to be secured before we are taking an FID. And the same, to a lesser extent, relates to the environmental permit and the building permit, which, from a process point of view, has to be 100% under control.

Having said that, I'd like to move on to the next slide, and that shows the market. And again, this is a picture we've shown before. I think two very important things have happened since the last – since we last met. That is this announcement from the Dutch, Danish, Belgian, and Germans, so to say, to further increase their ambitions, which has been put in this number, which we also noticed is putting some extra push on regulatory offices and also the permitting office, etc., to really help the industry now to make sure that all these criteria are in place to really boost what's needed for the supply chain.

And the other one relates to the US, successfully getting this €430 billion programme through the Senate, or I believe it was Congress, for the renewable business and the energy transition in the US. It has a big impact for us because – and I will come back to that later, we are fully working on that area as well, of how we can play a role in the US.

So, the gigawatt ambitions are now for 2030, 250 to 300 gigawatts easily. Let's see how that will be – how that will materialise. But there is not a lack of ambition in this business.

If you move on. This picture, we saw, I think, as well in previous meetings. Basically, what you see here is a picture on the left side, where we see the number of foundations needed per year. And I just discussed it also with Fons, next time, I will show you a different picture showing that also towards 2030, the ambitions that are now here listed as 1,100 foundations because that's the number we can justify based on projects some time ago, has now increased to something like 1,300, 1,400 already, where we can say, yeah, they are having a certain level of certainty that they will be needed.

So, the demand towards 2030 is year-on-year, basically increasing. And let's see how the supply chain can react on that. Because if you look at the right side of the picture, the biggest chunk there is the blue part, and the blue part is the equivalent of the number of monopile foundations between nine and 11.5 metres. And that is exactly the area where we are focusing on to build our – to align our new factoring for.

Going to the next page. This is the world, as you can see. And we have been discussing a lot about the investment plan for Europe, but we are not sitting still, so to say, (that's not English, but it's a Dutch saying), on developing and looking into the Asian area and the Americas as well. You've seen probably our announcement that we have put up a partnership with GS Entec, an industrial conglomerate in Korea, South Korea, whereby we will grant them a license. It's a license agreement to initially convert an existing factory to be able to make monopiles on a relative short notice.

And depending on the market development and how the corporation is developing in the second phase, look at setting up a complete dedicated monopile production facility under the responsibility of GS Entec but with the support of Sif, which gives us a local partner in that area for – also for our customers because a lot of our customers are developing also in the Asian area.

This structure we choose because it gives us the right balance between what we can – the limited people we have available to actually help support this sort of partners, in balance with expansion needs in the supply chain outside Europe, in this case, in Asia.

For the US, we are in discussion with a very strong local partner. We cannot disclose yet because we need to formalise a few things. But I can tell you that it's going in a really promising direction, whereby we are looking at a sort of a joint venture setup for setting up a local production facility at the East Coast of the US for production of the bigger diameters even than those needed in Europe.

And what we see is that the East coast of the US requires, due to the soil conditions and the bigger water depths and the wave behaviour for even bigger diameters than the 11.5 metres. And we are looking at that area what we can do there together with the local partner. So beside – again, in summary, we are not only looking at Europe at the moment. We're definitely also putting a lot of effort in expanding to those two areas.

Then the next page. We're not the only one active in this business, which actually I said I think before is underpinning the fact that monopiles are definitely also in the future, the foundation of choice. Basically, all these parties are developing as planned for, and that's also how we calculate their capacity and the dates that they are coming up to steam with their monopiles.

But even with all the capacity being successfully implemented, we still see that the ever-increasing ambitions are higher than what the supply chain can actually deliver to the market. So basically, what my message is, every one of these parties has to be successful in order to sort of come to the ambition level that is required by the local governments.

Yeah. And then going to the next sheet. Here, again, the picture you've seen before, it hasn't changed. It will change a little bit here and there because we're constantly modifying and I think that's the other message on the expansion plan. Although we haven't taken FID, we are full-fledged working towards going on with the discussion with suppliers, with building parties to go to final design of the factory commit – make sure that suppliers can deliver equipment when we need it in order to be up and running early 2025 full fledge. So that remains unchanged despite the fact that we have delayed our FID a bit. We are in such a dialogue, and we have made such commitments to all parties who're required here, critical parties that we do not need to delay the final starting date of the new factory.

And that's important also, of course, for the discussion with our launching customers that we – where we're now in exclusive discussions with. We need to be able to supply or deliver monopiles for those projects in time.

And I think another important thing to mention, is said here, is 400 kilotons. From a kiloton perspective, it goes up quite a lot, but from a total number of monopiles, we stay at around 200 monopiles per year number for a week it's said here, but basically, it's 200 a year. Meaning 200 a year, meaning 11 metres to around 2,500 tonnes each as a reference monopile.

Next page. This picture hasn't changed in that sense. The one may be missing here is permits, but it's included, you could say, in the financing aspect – financing in order to get financing solidly. Secured permits is an important part of that. Having security on that. I mentioned it already before, on the nitrogen, environmental and the building permit. That's where we are also still working on.

The human resources development remains a concern for us, like any other industry, I could say at the moment. But we have a good plan in place. We have the right people in place to actually do the recruiting, but also, we're working now – or we're building our – expanding, I must say, our own training facility not only for the safety part of it, but also in order to be able to really educate and train people from basically scratch to the level that we require for this – our present factory, but also our future factory layout.

And that brings me to the last sheet to thank you for your attention so far, and I'm pretty sure there are a few questions that you want to ask. And I think we get an explanation on how the process works. Or can we open the floor for the people around the table?

Questions and Answers

Ben Meijer: Yes. I think Stefano, we should open the call.

Operator: As a reminder, if you would like to ask a question by phone, please press star and one. Your first question comes from the line of Turner Holm from Clarksons. Please go ahead.

Turner Holm (Clarksons Platou): Hi. Good morning, gentlemen. You hear me, okay? Fred, do you hear me? Hi gentlemen.

Fred van Beers: Sorry. I can hear you.

Turner Holm: Okay. Yeah, sure. Thank you. So I guess I just wanted to touch on the expansion project to begin with. I think – I mean, if you look around the steel prices in Europe have come down a little bit. And I guess it might suggest that maybe the ultimate CapEx for the project maybe isn't getting worse. And so I guess I just wanted to understand a little bit about what are the challenges that you're facing in terms of the expansion to kind of make sure we think – I mean you pointed to very strong market conditions. Offshore wind has had a great year really so far in '22. And I think you pointed to how it's accelerating the demand picture. But what are sort of the key items that you're trying to secure or nail down on or understand better before you take up to end the projects?

Fred van Beers: Basically, a lot of hard work, but what I tried to mention, Turner, in the presentation, it's related to making sure that the permit – that the permits are granted in time. And secondly, that we are sufficient – can be sufficiently sure that we earn that – earn back of our CapEx in time is solid enough and also leads to some longer-term profits that justify these investments.

So that basically means that in our discussions with the market, with customers in relation also to the discussion with finances, we want to really clock out that when we push the button that we are close to certain that we can earn and release or, what is it, realise our business plan as we put it forward. That's basically, I think, the core of the discussion that we're having at this moment. And in that process, we are not, so to say, putting the pressure on ourselves to sort of come back with disclosure without having these items clocked out according to what we feel is required.

Turner Holm: Just a follow-up on the comments that you had earlier in your prepared remarks. You said that you still are targeting the beginning of 2025. So, I guess I'm just wondering how much time do you have, if you're going to be able to meet that target?

Fred van Beers: Obviously, we cannot delay this for another year or so. That doesn't work. What the thing is, though, we do believe we have to come out with this decision this year. But in parallel, as said before, we are in constant dialogue and also actually committing to some, for example, to pre-engineering, committing to some long lead items that we now secured already for specific equipment in order to make sure that we are not running into the trap of delaying the FID for a certain while, and then actually having a cascading of problems with our supply chain, which leads us then to a problem of making that, what is it, '25 target.

So, it's a bit fluid, but I think it's fair to say that if we don't have an FID this year, we run into trouble in order to meet the date, I should say.

Turner Holm: Just on the market picture because, I guess, it sounds like you're trying to get your returns, right? And some of that is pricing and some of that is the cost of the CapEx. In terms of the pricing that you're seeing in the market now. I mean, obviously, demand picture is very, very strong. But at the same time, you have competitors that you showed on the slide. Are these plants typically launching with launch customers like you're planning to do? And how is the sort of insurance of these new players affecting pricing from what you've been seeing so far?

Fred van Beers: Well, there's a few questions here, I think. First of all, we – and I think we said it before, the pricing levels that we are discussing at the moment with our customers are to our satisfaction for this business case. It's more the repeat factor that we're looking for here as well. It's launching customers is one thing, but we're also looking – we also need to make the right profits in the years after the start-up. So that's one item that we are discussing with market prices.

And on the competition, yes, we have seen some – I think we all have seen some communication on developers supporting some of these start-ups with partly orders or ambitions or what have you. To what extent – I mean, that are basically questions you should ask them. I think we only know what we've seen from the press.

In our discussions with the market, we clearly noticed that price is one thing, but that reliability of supply and quality of supply is another element that is highly valued by the market. And not to forget, of course, to mention security of capacity. So security of capacity with a supplier that has a track record and has a proven track record from a quality and timing perspective is maybe at least equally important to prices.

Turner Holm: That makes sense. And then last one for me, I can turn it back. But with the US market, I mean, you touched on obviously the new law that has been passed in the US, and obviously that's risen the demand case in terms of providing incentives from the offshore wind farms. But I guess it's a lot more than that, right? It's also about supporting local supply chain. And at least my understanding there are some significant tax incentives for, I guess, what they call clean energy manufacturing, with the support up to 30% of the project. Is that something that you expect this potential JV in the US to qualify for in terms of helping to finance that kind of project?

Fred van Beers: It's an area that we want to maximise in exploring. And of course, we would be silly if we wouldn't be able to make use of that. And I think this is one of the elements where we believe a very strong local partner is essential because they – not only from a tax help perspective, let's put it that way, but also in finding the right labour and the right setup of how you work with labour. Yes or no with unionised labour, etc., etc., support from state governments because that differs from state to state are all elements that we know are important, but where we also know our own position and our own experience as a thorough Dutch manufacturing company that we need the right partner locally, and it has to be a really well embedded, so to say, partner, that has a bit of history and has a bit of a track record in our opinion, with whom we want to cooperate and where we want to make sure that they are on board in the right way and where we feel we are on the right track there, but we're not there yet.

Turner Holm: Thank you, Fred. Thank you, Ben.

Fred van Beers: All right. I hope you could hear me well. The connection was a bit wobbly, but I think – I hope I answered your questions, Turner.

Turner Holm: Yeah, loud, and clear. I mean I have a few more. I can circle back after others have had a chance.

Fred van Beers: Going to the gents here that stare at me here with eagerness to sort of ask the question. So, the floor is open, gents. Maarten?

Maarten Verbeek (The IDEA!): Maarten Verbeek, the IDEA. First to get back to the FID. You mentioned more or less permits and financing. Once you have the permit, building and environmental, then it's no problem for you to automatically get financing in place?

Fred van Beers: It goes hand-in-hand. I think the financing is related to when do we get the permit. Yeah. That's how these things work. And I'm not necessarily saying that we have to have the permits in place before. That's ideal. But we need to have a commitment on when do we get the permit and will that not jeopardise our planning process.

Maarten Verbeek: Since financing would be in place. But you can't predict what stock market is going to do. So, will you be dependent of the stock market for your financing plans, i.e., is there – do you expect to raise equity to finance these projects?

Fred van Beers: Good question. And I'm a bit boring you, I guess, but that question will be answered when we have the whole thing in place.

Maarten Verbeek: And the US partnership you mentioned is a bit different than the one in Asia. You talk about the JV. When talking about the JV, it also means equity is involved, much more money than a partnership you have in Asia. Could you say something about that, what do you think that's going to cost?

Fred van Beers: I understand the question, and probably I shouldn't have mentioned the word, because that would have taken away from that question. But I think that's too early to say. I think we have to – what is important, I think, is to get the message that we are very seriously working on setting up something in the US, which has a different setup indeed, I should say, from compared to Korea.

How that works out, you know as well as I that you can have various structures on how you finance and set up a JV, and that's – that was what we are looking at, at the moment. But I can tell you one thing. Whatever that structure will be, it never ever can dilute the structure that we are working on for Europe. So, our first priority is and will remain the Dutch, our European facility.

Ben Meijer: Maarten, to add on that one. One of the first steps also together with this potential partner is to jointly work out a business plan also for the North America market. That's one of the first key steps. And also based on that one, indeed, also look at the financing implications.

Maarten Verbeek: When I look at your throughput output for the year that has been lowered somewhat compared to the start of the year. Is there a particular reason for that?

Ben Meijer: On this one, one of the factors is if you look at the challenges in the labour market, how difficult it is in need to find good and qualified people, this is impacting our production output also what you see in the first half of the year, it has been a little bit lower than what we were anticipating, and we were able to mitigate this impact, for example, by better results in the marshalling segment, but this is a challenge we are currently operating with.

Maarten Verbeek: You just mentioned it, a challenge to get qualified people. You also said that you want to improve the skill set of your employees. What kind of implications would have had for your wage bill going forward?

Fred van Beers: Good question. What we have decided is that, in general, our wage level should be competitive to the market. The question is what market. So, we believe that for many functions, we have to compete with oil and gas, which is kind of market. And that's the sort of level we're looking at. I think what we have evaluated, the wage component is important, but what is even more important is the quality of the people and the knowledge of the people, and especially when you start looking at this new setup where you thought start maybe looking more at process management instead of welding skills as such. We have to be careful to not be too Dutch with the salaries in comparison to what you actually require. So, we feel that we should be able to compete with oil and gas.

Maarten Verbeek: And then the last question for the moment. You mentioned that the energy price, gas price has hit your bottom line by approximately €2.5 million in the first half. Gas prices are currently at a record level. What's your best estimate for H2?

Ben Meijer: This might be a little bit higher than the €2.5 million, but also for the second half of the year, the majority of the prices have been fixed.

Maarten Verbeek: When – till when does this fix runs. When will you be open to the market when do you have to renegotiate your contract in gas?

Ben Meijer: At the moment, the majority is fixed indeed until the end of this year. And for 2023, the majority is still open. So impacted by the energy prices.

Thijs Berkelder (ABN AMRO ODDO BHF): Thijs Berkelder, ABN AMRO ODDO BHF. First question on the new contracts. On this closed one, the static contract, which originally was scheduled or still is scheduled to be done by a competitor? Or is it –

Fred van Beers: Basically, all the contracts are scheduled to be done by competition, but we won.

Thijs Berkelder: So, it's just a normal contract?

Fred van Beers: It's just a normal contract. It's not a shift from no – like the Vineyard one for example. Yes. No.

Thijs Berkelder: Okay. Clear. Then slide 5 in your presentation pack, you showed the contribution margins per tonne. And in this half, it's more or less equal year-on-year, but this half you clearly had a high mix of TPs versus MPs, while last year, vice-versa. Can you roughly indicate what the difference is between contribution margins, TPs versus MPs?

Ben Meijer: Not the exact number, but normally, indeed, what you see is the contribution margin on TPs is a little bit lower compared to MPs. But the big impact, if you compare with prior year, mix indeed is one factor. Another important factor, Thijs, is, last year we were having a lot of subcontracted work in our scope, where we make a low margin on it, but it's still contributing to the contribution margin in absolute numbers. This scope was less in the first half of 2022. So, this is having a negative impact. Also, the mix is indeed also having a negative impact.

On the other hand, a positive impact came from more storage-related activities. So, from certain clients, monopiles were on our location longer than anticipated in the contracts, and we were able, indeed, to have an additional benefit from that part.

Fred van Beers: And then just to add on to that, I think from – I guess you understand because if we were to give a split, then we gave also quite substantial information to the competition and – because the only transition piece we made were for Dogger Bank.

Thijs Berkelder: Clear. Then a question on LTIR. I guess explosion happened in Roermond. What exactly happened?

Fred van Beers: Yeah. That was quite an event, to be honest. And what happened is that during the production stop over the weekend, a gas leakage occurred that filled some bottom pitches. So, next to natural gas, we have the heavy gas, specific gas for preheating, which we are, by the way, now phasing out by means of induction heating (edited, FvL). So, we want to get rid of that as a whole.

But start-up of the production by means of a grinding caused what is it, sparks that caused this explosion. So that's what happened. Luckily, we had no physical injuries whatsoever. One guy was taken to a hospital for 48 hours observation to be sure, nothing later on happened. But of course, it created quite some mental damage, you could say. So, we have people that we are now giving professional help to help them to overcome this event longer term.

But – and the material part of damage caused by this was solved quite quickly. And I must say, with a big thank you to not only our own maintenance team, but also our suppliers that were really helpful in starting it up quite quickly.

Thijs Berkelder: Okay. And does it, or has it brought, let's say, extra costs for our Q3 forecast?

Ben Meijer: No.

Fred van Beers: Not material.

Ben Meijer: And also, the cost directly related to the property we have sufficient insurance in place to cover these costs.

Thijs Berkelder: Okay, clear. Coming back on Korea and the US. Okay. In the expansion plan in the Netherlands, you're very clear. You're targeting a payback of three to four years on the investment. So that's totally clear to me. But what kind of financial returns or dynamics can we expect for Korea and the US? What is the peak condition?

Fred van Beers: The principles are the same, as for Europe, to put it very simple. The structure, though, is completely different. So, I think we're not going to disclose all these numbers also for, I think, obvious reasons and also in agreement with our partner. But you have to think of a license fee kind of structure for Korea. So, there's a completely different setup, and no as such investment or CapEx related to that for us.

And related to the question of Maarten, the US, I think we – you have to bear with me and a bit of patience, but we will not dilute on our cornerstone, so to say, for the US in relation to the Europe case.

Thijs Berkelder: Clear.

Tijs Hollestelle (ING): Yeah. Tijs Hollestelle, ING. On that last remark, because indeed, the FID for the initial capacity expansion, I mean, the US is on top. So that does not disturb that side of negotiation.

Fred van Beers: No, I can be very clear on that. It will not disturb and has no effect on the European one.

Tijs Hollestelle: Yeah. And your local US partner, that is a big industrial US company.

Fred van Beers: It's a big one, yeah.

Tijs Hollestelle: Active in which industry?

Fred van Beers: I'm not going to tell you.

Tijs Hollestelle: Yes, it's an experienced financially healthy.

Fred van Beers: Yeah, we agreed with them to not disclose until we have the business plan, as Ben was saying, ready.

Tijs Hollestelle: Okay. Yeah, thank you.

Fred van Beers: Google.

Tijs Hollestelle: Yeah. We discussed most of it, but I'm kind of checking your ability to provide the outlook, which has been kind of a thing for the stock price in the past years. So, if I understand correctly, you had, indeed, let's say, difficulty in finding labour as a kind of a negative, the sickness rate was quite high because of COVID. It's a negative. Gas prices, which is specifically mentioned. Marshalling services were on a positive balancing debt. And also, you remarked that the current projects in operation in the first half went smoothly. So that I think is a big help. Hence, you are able to provide, let's say, or reiterate the full year guidance.

Ben Meijer: I think that's a correct summary, yeah, Tijs.

Tijs Hollestelle: Yeah. And also, you're building some conservatism in the outlook, which gives you a lot of leeway, I guess, because you have indeed [inaudible] continuation of the gas –

Fred van Beers: There's some reasons for being a bit cautious, I think. Yeah.

Ben Meijer: But overall, taking all circumstances into account at this stage. Current forecast is a realistic one to say, indeed, we still expect based on the information currently at hand that we say it's going to be slightly ahead of prior year.

Tijs Hollestelle: Yeah. But because so many unpredictable things I would say. I mean I also understand it's quite difficult for you guys to give that outlook how much you gave already a couple of months now. And then I picked up the remark on next year. So, what do you say, balanced spread on the portfolio. So basically, back to – more back-to-back production of different projects than you had, I think, in the past year. So that is – tells me that profitability, let alone the unexpected things, can be quite good.

Fred van Beers: Yeah. In an ideal world, that's definitely good, what I would conclude.

Tijs Hollestelle: All things equal, if you only look at that, that would have a meaningful impact on your EBITDA, you could make in 2023. And I don't want to get too excited.

Fred van Beers: No, but you're excited. And that's why we mentioned also at least 200 kilotons to be delivered.

Tijs Hollestelle: Yeah. That's a firm statement. But how much of that was, let's say, your planning? Or was it kind of coincidentally happening?

Fred van Beers: Nothing happens coincidently, except for the unwanted unknowns. But no, we've always said that we have a certain room, of course, in our production because of this balancing factor; and whatever we can do to fill those holes, we have taken into our planning. We're not successful on everything, but so far so good.

Tijs Hollestelle: Yeah. And there is, let's say, no or – yeah, what is your take on, let's say, that the low river water depths influence production maybe in the fourth quarter and then you have to produce into next year? Is that something or is that a real risk?

Fred van Beers: It's something we monitor on a daily basis. I mean, next week, as you read probably as well, the level goes up again a little bit. That is also for us an opportunity to maximise the factory of Roermond with steel products, giving probably an extra one- or two-weeks leeway on this whole thing.

Also, what we see is that water management is taking care to maximise the levels in the rivers, also in Germany. So, we monitor that. We know now that we are safe at least till the end of September at Roermond, longer at Maasvlakte because from Roermond to Maasvlakte is a bit easier, although there is a lot of struggles there with locks and what have you.

It takes longer, it's more effort. It's a bit more costly for our transport, but we get the stuff. So that's basically the window we're looking at. If no rain falls within the coming four weeks and the rivers go down even further.

Tijs Hollestelle: That's clear. I just get an idea for that. Yeah. One final question? Or is it yes, on slide 12. There was EEW together with Ørsted is indeed making a similar expansion, as you have announced. Is that solely happening in the US because they're building together as a new facility for US$250 million –

Fred van Beers: Yeah.

Tijs Hollestelle: Is that the complete – I think, it was a blue bar.

Fred van Beers: Yeah, that's the blue bar. I have the sheet in front of me.

Tijs Hollestelle: Yeah, exactly.

Fred van Beers: And that's the one they're building in New Jersey or have built in New Jersey.

Tijs Hollestelle: Yeah. And in relation to your capacity because that is, of course, a completely from scratch facility – is that -

Fred van Beers: Be careful in comparing these numbers and capacities from – for what we do, but it's – I think it shows that it's not a cheap one thing to do.

Tijs Hollestelle: Yeah. So that is kind of a good indication.

Fred van Beers: It's an indication. But related to the US market, the whole piling, for example, foundation systems in the US are slightly different from us. So, yes, there are some elements that could make it different. But it gives you a direction.

Tijs Hollestelle: Thank you. [Inaudible]

Fred van Beers: Pleasure is mine.

Andre Mulder (Kepler): Andre Mulder, Kepler. Let's start with the $1,000 question. You said you're not going to accept any dilution to the profits, let's say, the returns or so. But looking at the element of the market, it looks more a question that you have to accept, otherwise the market is running away from you if you don't participate?

Fred van Beers: Good question. And then – but we have – then there's always an alternative. It's not an alternative we like, but what we are not going to do is with the knife on the throat and with the wall – with the back against the wall accept levels that bring us into financial problems later on.

Then we have the alternative, if you really play it down to something to zero, is either we delay the whole process and wait maybe one or two years because we are full to '24, we can do a partial move or we simply make a strategic change towards a logistic centre and a sub-supplier of transition pieces and top parts of monopiles through waters.

So, is it a strategy we want? No. But are we going – but we're not – as you say, we're not going to let itself be pushed into a corner we don't want to manoeuvre in. And I think there's also no reason for doing that, given the discussions we have with the customers and the market finances that we have at this moment. We only need to make sure that we – when we push the button that we are sure that we are not regretting two, three years from now.

And I think this is a very important one, given how this whole industry is developing. And it's very nice that there's a lot of ambition. But if the supply chain isn't making the right amount of money in order to materialise that, I think you will not find anybody willing to go into this business. And it's too big at the moment. And the impact is too big for companies on their own and the whole industry as such to not take this position. You cannot gamble, so to say, anymore in this business. I think that's an important one to remember.

Andre Mulder: Looking at the expansion, it seems that you said pricing is on your side. So, it seems more a question of, can you secure a large enough pipeline going forward?

Fred van Beers: That's a very important element indeed. Yeah.

Andre Mulder: On the US. South Korea has struck a license agreement. So why is there not one for the US?

Fred van Beers: Because that could be an option to start with still. It's not the direction we're taking at this moment, but it could be an option. And the other one is picking your choices from a market perspective point of view because I think the Asian market is longer active but has some challenges in how steady they are in the development plans, etc., etc. So, we are a bit more cautious on that one. So, these are sort of reasons why we constantly make a judgment what model we take.

Andre Mulder: Okay. On the US, can you mention the area where you're talking about – yeah, Maine.

Fred van Beers: East – I said East Coast of the US.

Andre Mulder: Maine is for a state that doesn't want offshore wind. So, it's not there. But is it north, is it south?

Fred van Beers: It's East Coast, and close to the water.

Andre Mulder: On the gas side, you mentioned you're mostly covered for this year. If you look at the current prices, what's the impact for next year?

Ben Meijer: If you look at the current price levels and indeed the last week, it again increased, then also for next year, it will be a couple of millions. I do not have the exact number at the moment, higher. And also, for next year, what we will look what we've been doing the last, well, 12 months is in a phase-based hedging the prices.

So based on the latest input say, okay, partly we're going to lock in. Then later on indeed if the moment seems right, again, lock in an additional part. So, in a phase where we are hedging the prices, that – if you take the current price levels, Andre, and if you compare it to the current estimate, when I was saying for the full year 2022 that you will be roughly €5 million, it might be a little bit higher compared to 2021. But if you take the new level of 2022 as a basis, based on the current prices, also for next year, you will be a couple of million euros or it will be higher.

Andre Mulder: It will be another €5 million.

Ben Meijer: I do not know if it is €5 million. At the moment, I'd say, a couple of millions. I do not know the exact number.

Fred van Beers: €5.3 million.

Andre Mulder: And then maybe the last question so far. Have you seen any life coming into the oil and gas side?

Fred van Beers: Yes.

Andre Mulder: Of course, we've seen, of course, the UK, Norway pushing.

Fred van Beers: There's definitely life, yeah. We see it through KCI the Engineers, that is filling up quite nicely the tender pipeline, etc., for designs, which is for us also an indication Sif in the production that there's something happening. We're having some discussions there – serious discussions on potential tonnages.

Ben Meijer: Tenders for projects.

Fred van Beers: Tenders for that, yeah. And that could materialise for – even for '23, even a few maybe or '24.

Andre Mulder: But any volumes that we mentioned there?

Fred van Beers: You know how it goes with – there's not that many of these projects. It can be in pin piles; it can be structural legs. It varies from 5 to maybe 20 kilotons.

Andre Mulder: If you go from zero to 10, that would really be quite an improvement?

Fred van Beers: Exactly. So, we do have production of some pin piles for the substations for wind farms in production at the moment, but that's numbers of eight, four plus four, eight pin piles. It's not material, but it helps.

Andre Mulder: Okay.

Speaker: Next question, Henk Veerman.

Fred van Beers: Henk?

Speaker: Henk Veerman, are you on the call? Hello?

Fred van Beers: Maarten first.

Maarten Verbeek: Maarten Verbeek, the IDEA! Steel has always passed on to the client. Are there more costs which you can pass on to the client or when they change over time that you can build them that incremental cost?

Ben Meijer: Well, directly pass through is indeed the direct steel and the flanges we are using. It's a direct pass-through. But also, if you look at the longer term, so not for the firm orders in place at the moment – for the firm production orders, what we have been doing, of course, also for the new tenants we are working on is increase our price levels that you also factor in, just to make sure that taking into account the higher energy price, but also the higher wage inflation, that this is indeed covered when we bring out our new pricing costs. Fred?

Fred van Beers: Yeah. And I think we – here, we also have to be careful not to exaggerate because it's now working against us. There are also times when it works in favour. So, you have to be careful not to sort of –

Maarten Verbeek: But do you need to take that risk soon to be better that once you have secured an order that back-to-back, you secure your gas and etc., etc. that you lock it in?

Ben Meijer: But then if you look at the offers, it could be the case indeed, Maarten, but if you look at the overall size of the business, and if you look at the impact of energy prices on Sif, of course, it's – for this year, €5 million is a significant impact. But if you look at the overall cost structure of our projects, it's still – it's a minor part. So, I think the key items, indeed, we are securing via a back-to-back mechanism.

And this one, indeed, a small item is if it is becoming very material, more material than it currently is, it's something to think through. I agree.

Thijs Berkelder: Thijs Berkelder again, ABN AMRO ODDO BHF. Of course, a low water levels is more transport movements extra costs roughly in Q3 for transport. What's your plan?

Fred van Beers: No, we have contracts with our transport partners and the steel – for the steel it's for Dellinger for our supplier. And in between Roermond and Maasvlakte, it's also for our transport company. And yes, we have a bit of a fee that we pay, but that's not material.

Thijs Berkelder: Clear. And then coming back on, let's say, shortage in FTEs in recent weeks, of course, several big plants have been closing down in the Netherlands. Is there already a first signal that you now can benefit from the misery of others? And not yet?

Fred van Beers: It's a bit – we thought, for example, that the closing down of this, what is it, energy plant at Maasvlakte, we were in contact to see if we could benefit from that, but that's revamped again due to the –

Ben Meijer: I think what we do see the last couple of weeks, if you look at the number of outstanding vacancies, especially in introduction, it's decreasing.

Fred van Beers: Yeah. So, we are closing the gap. We are closing the gap at the cost of doing also extra training, extra what have you for they are up and running. That's the effect.

Thijs Berkelder: Then coming back on the slide we see on the screen here again. Your Maasvlakte or your new expansion plan is to be producing, let's say, early 2025. Korea and the US should we assume more like in '27-'28-ish?

Fred van Beers: Korea will be faster because we will license existing technology. It's a two-phased plan. The first phase is licensing of existing knowledge and they should be able to produce also in end '23 beginning '24 providing they have an order. Then – and the US, it's still too early to state, but it will not be before our Maasvlakte plant is up and running.

Thijs Berkelder: Okay. Thanks.

Fred van Beers: Henk Veerman. Henk, can you come through.

Henk Veerman (Kempen): Can you hear me?

Fred van Beers: Yes.

Ben Meijer: Yes.

Henk Veerman: Okay. Perfect. Good morning, all. Experienced some technical difficulties.

Fred van Beers: Solved.

Henk Veerman: They're still got online, by the way. But it will just to answer my – okay. Let me just start. First question on the return hurdle that has been discussed previously of three to four years. You mentioned earlier that the pricing you are discussing with clients is in your satisfaction, let's say. And at the same time, the long-term demand, we all see the graphs looks quite strong for the monopiles that you will be able to produce in the new outlay. So, what exactly is then threatening this three to four-year earn back hurdle? Is it just the investment outlay that is scattering that sort of that hurdle or are there any other factors in play?

Fred van Beers: No, the element here is more the longer pipeline. So, it's really cool and good that we have these commitments from customers now, popping up for the start-up, but we are also looking at the volumes for later on in order to be more on the safe side there for this earn back. As simple as that.

Henk Veerman: Okay. So that the conclusion is that for – let's say, for the first three to four years, you'll be able to, let's say, at least earn back your investment?

Fred van Beers: No. What I'm saying is for the start-up for the first maybe one, one-and-a-half-year, which is also very important, by the way. We know that we are – we can be satisfied and we're pretty confident. But we also are looking for '26, '27, '28 at some sort of more robustness on commitments in whatever form.

Henk Veerman: And this earn-back period of three to four years, I think we also discussed it in the previous call. But what kind of like production utilisation scenario is it based upon? Because also in the first half of this year, you sort of had to deal with a lot of operational difficulties.

Ben Meijer: It's in our business planning, Henk, what we are forecasting is that you start up indeed not at the full utilisation rate. So, in the long run, we are working with utilisation rates of roughly 80%, taken into account, again, a certain design of monopile, we call it the reference monopile. So, you do not forecast or factor in more than 80% utilisation. And also, the first year, so in 2025, you did not factor in the full 80%. You work with a lower number.

Henk Veerman: Okay. So, this three to four-year earn-back hurdle is in your view, let's say, based upon a realistic base case production scenario.

Ben Meijer: Yes.

Henk Veerman: Or is it conservative in your view?

Fred van Beers: It's realistic, and it's based on the 80% utilisation in the long term.

Henk Veerman: Okay. Clear. On the license agreement that you signed with GS Entec, am I correct to assume that it consists of lump sum payment in combination than with, let's say, a license fee for each monopile produce. And then the follow-up is, when will this license sort of lump sum fee come in? Is it in three years, is it perhaps longer or shorter?

Fred van Beers: No. Your assumption is quite close to reality. And if you're going to ask me to disclose the numbers, I hope you bear with me that I'm not going to do that. But we basically are looking like with our projects, the cash neutral, so to say, our cash positive programme. So, it will be quite a bit upfront. When exactly, that's what we're going to agree now with them in the coming months.

Henk Veerman: Okay.

Ben Meijer: Again, Fred, to add on that one – Henk, sorry. And in the end, of course, it will not be cash neutral. In the end it will be cash positive.

Fred van Beers: Yes. But before we spend cost, we will have some.

Ben Meijer: But the cost will saved.

Speaker: Henk, please continue.

Henk Veerman: The other question is on the new agreement that you state that you are – that you will intend – that you intend to sign with Dillinger and also alternative suppliers because of the very volatile steel markets. Could you give some more colour on how the alternative suppliers part of that – those agreements, how that works, how that looks? And will the new Dillinger contract be materially different from Sif's perspective in terms of the P&L? Or will it look quite similar to the contract already in place?

Ben Meijer: At the moment, I'm not in the situation to disclose details about the new contract. What I can mention also for the future is Dillinger is already our trusted steel partner for a long period and will also be the case for the future. But at the same end, if you look at the overall demand for steel, we want to have also backups in place. So, Dillinger at the moment and also discussions we're having is, number one, trusted partner. And if you look at the alternatives, looking at various alternatives and also the overall qualification process, it will take another couple of months and you also have something as a backup plan in case required.

Fred van Beers: And the main reason for now signing this agreement relates to the quite substantial increase of tonnage that we need on a yearly basis. So, for us and for them, it's good to have a mutual commitment written down in an agreement on the volumes basically. I mean the pricing mechanism and the way we cooperate will not change because we're pretty satisfied with that altogether.

Henk Veerman: And when you say alternative suppliers, is that similar to – because I remember historically, you had this alternative scenario where you would ship from Korea, if I'm not mistaken. Is that still the alternative route or are there also other alternatives.

Fred van Beers: There are a few in Europe, but they have their limitations on volume and plate size. Yes, there is the supply from Korea POSCO, you referred to. They are a possible supplier, but we, as a company, and also looking at the whole European policymaking are having a lot of preference for European steel supplies, given the CO2 footprint, CO2 penalties and also our role in actually meeting the environmental impact goals.

Henk Veerman: This remains – so the base case scenario is still that you will be fully dependent on Dillinger also on the new manufacturing layer.

Fred van Beers: Not dependent on them. We're not dependent. We prefer – we actually want to cooperate with Dillinger because they – we know them, they know us, and especially the quality of their steel is second to none compared to others. And that's not to be underestimated. Because as I said it before, quality is one of our main competitive edges in the market, and we are not giving in on not a millimetre on that one. So, whoever wants to become a second supplier to us has to really qualify on all these items.

And steel for us in all honesty is – price in all honesty is the least of our priority on that list because it will be completely outweighed by hiccups in the production process if you have quality issues.

Henk Veerman: Right. Yeah, that is appreciated. But I mean, with the problems we're facing today being the low water levels in the Rhine, with the new manufacturing setup, you would need roughly twice, if not more, as much steel plates. Would a – the scenario that we face today, would that sort of create additional problems when it would be required to produce or in twice as much tonnage in the new manufacturing layer?

Fred van Beers: That's a very valid question. And there's a few things that we do there to mitigate. First of all, the storage capacity for the new facility on steel will be excessively bigger and higher than what we have today. So, we can have a lot buffer.

Secondly, we can, as said, we are not dependent on Dillinger. So should there come a serious situation, we can also get steel from abroad, yeah, not being Dillinger. And then the third, Dillinger also has a factory and does supply steel plates from the Dunkirk facility. And that, as you know, is not limited due to the rivers. So also from Dunkirk, it's often forgotten, but that's also a Dillinger site, and they also produce the steel plates that we use.

Henk Veerman: Okay. Thank you. Much appreciated. And apologise for the technical difficulties. Thank you.

Fred van Beers: Thank you very much, Hank. Turner, I understand you have a question?

Turner Holm: I have one more for you, Fred. So, on 2023, you talked about quite strong order book. I think you said at least 200 tonnes of production which, I guess all else equal, looks very strong and positive from a financial perspective. But for 2024, I guess, it's a lot, yeah. I think you said the order book is 263 kilotons and over 200 goes to 2023. So, 2024 looks a bit thin at this point. I mean, what's sort of the status on tendering to fill 2024 capacity?

Ben Meijer: Yeah, also regarding 2024, we have also the volumes from the launching customers of 400 kilotons, and part of this can be produced also in 2024 and also part of it in our existing production facilities.

Fred van Beers: Yeah. And besides that, we are working on a few projects still also for '24, Turner. There is something still in the market out there that we are working on. But in relation to what Ben just said, we have to be then careful here that we're not putting ourselves in the corner because we are also working on the launch of customers. And we – although we have communicated 1st January fully up and running, we want to start producing in our planning from the mid-'24 onwards already with test, but we like to do the tests with actual orders. Otherwise, we have to explain to you why we have 100-kilotonne test material in our factory.

Turner Holm: But I guess – I mean, operationally, is there any challenge to 2024 to have, let's say, a relatively full level of production compared to your current capacity? Is there something about potential start-up of the factory that could mean that your 2024 production is lower? Or is it otherwise just a normal year in terms of your work scheduling and your ability to produce?

Fred van Beers: Yeah, we will – it will be an interesting year '24 for sure. I cannot deny that. But the way we've set it up is that we are building a completely new factory next to the existing operation, meaning that we have a few weeks. We know maybe two months that we have some interference between the new and the existing factory, and that will cause some hiccup. But it will not be substantial or material enough to actually expect us to have a big deficit there. Any more questions?

Turner Holm: Okay. All right. Thank you very much.

Fred van Beers: All right. Any more questions? Thijs – Andre. Andre, first.

Andre Mulder: Andre Mulder, Kepler. Three more questions. Launching customers, does that also mean discount? Normally launching customers get a discount.

Fred van Beers: Get a discount? No.

Andre Mulder: Secondly, on again, the expansion. Will this windmill also cover the electricity needs of the expanded project?

Fred van Beers: Yes. If it's turning.

Andre Mulder: Okay.

Fred van Beers: Yeah.

Andre Mulder: And last question. To what extent does the expansion impair marshalling services?

Fred van Beers: Absolutely.

Andre Mulder: Fully?

Fred van Beers: Yes. So, the marshalling – we are in discussion with the Port of Rotterdam to find alternative plots and see if there's a – it's not a given the way it's set up and the fact that north of our facility, there was a plot, but that has been now rented out long term by another company, not being active in this business. But yes, we need – especially during the build phase, but also later on, we do expect that we have to limit our marshalling and logistic services unless we find another plot, which is bidding by the way. Thijs?

Thijs Berkelder: Thijs Berkelder again, ABN AMRO ODDO BHF. M&A. You've included KCI, some other activities. Are there more companies you are in talks with/looking at Dillinger? I recall, I think some ten years ago, Dillinger was interested in acquiring Sif. And –

Fred van Beers: They don't do it.

Thijs Berkelder: Well, got no answers. So decided to set up Steelwind in Nordenham. Is that part of – any part of the discussions with Dillinger?

Fred van Beers: No. I mean, to be honest, no. And we're quite busy with what we're doing today and setting up and making sure that we are ready for the future. And at this point, there's nothing in that area that we can mention here.

Thijs Berkelder: Thanks.

Fred van Beers: No more? Maarten? Andre? The people around this table are ready with their questions, officially at least. Are there more questions from the people online?

No. Well, then I think I have to thank you for a very interactive and good questions during this session. And I'm looking forward to the next one where we, hopefully, will talk more about our investment plan.

Okay. Thank you very much. And then I'll come to the end of this meeting – official meeting, I want to close the lines. Thank you.

Ben Meijer: Thank you.

[END OF TRANSCRIPT]