

# Full year 2023 Results

## 15 March 2024



**Sif**

**OFFSHORE  
FOUNDATIONS**

Strictly private and confidential

> **SHAPING TOMORROW. PERFORMING TODAY.**



# Agenda

**Our Performance in 2023**

Outlook and Progress on expansion works

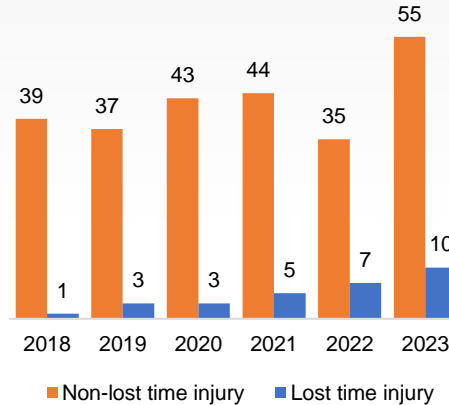
# 2023: Safety

## Today's venue and program

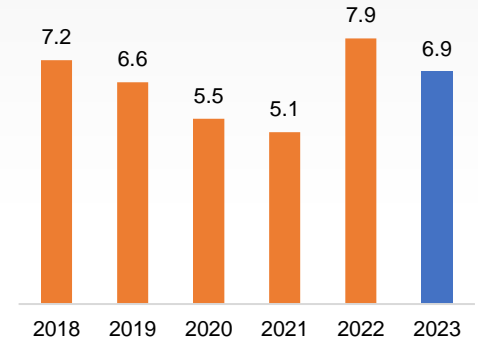


- No planned evacuation drills
- Follow the signs to the meeting point

## Safety statistics (#)



## Sickness leave (%)



## Main focus is on the wellbeing of our employees

- Production stand still in May to increase awareness of safe working conditions to cope with increased dimensions and reduced maneuverability in facilities
- Additional training of often unexperienced new hires and temporary workforce
- Improved safety performance and reporting discipline
- Sickness leave slightly improved, but still considered too high



# 2023 in Retrospect: Operational Highlights

>130 kton Monopiles and Transition pieces for Dogger Bank B&C

---



>50 kton Transition pieces for He Dreiht and Noirmoutier

---



Total manufacturing output and highlights 2023

---

192 kton total production

141 monopiles

182 transition pieces

2,622 MW potentially installed offshore wind capacity

Marshalling & Logistics for Siemens



# Order book today 507 kton and includes

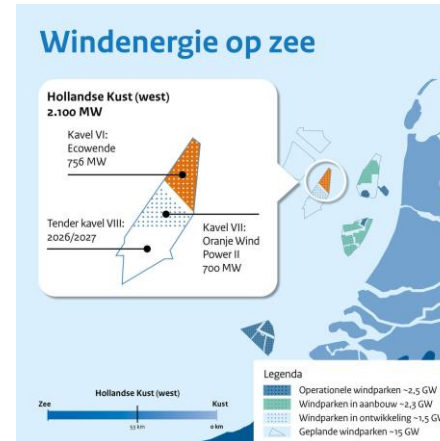
## Baltyk II & III for JV Equinor and Polenergia in Baltic sea

- Exclusive in April 2023
- Firm contract in February 2024
- 120 kton
- 100 monopiles
- Production 2025-2026



## Hollandse Kust West VI

- Firm contract for HKW VI in December 2023,
- HKW VI 70 kton,
- Production 2025-2026



## Empire Wind 1

- Firm contract 54 monopiles & 54 transition pieces
- 100 kton
- Production 2024-2025

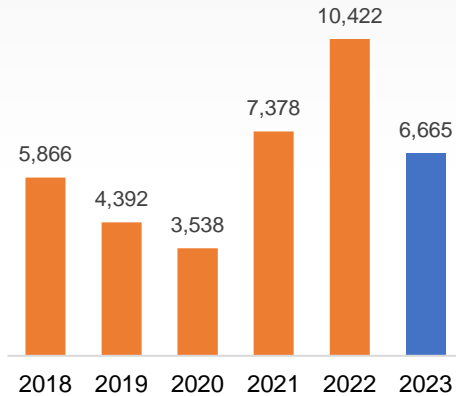


**Empire Wind 2 terminated and removed from order book**



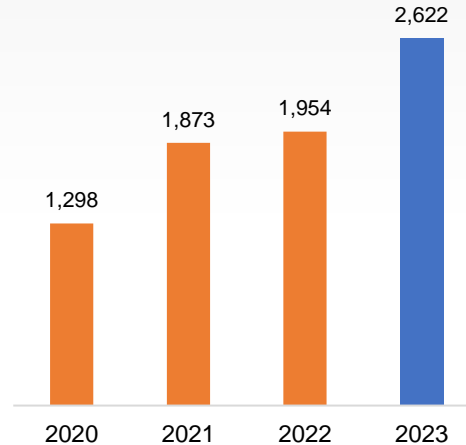
# Our kpi's: Social and Environmental Results 2023 (limited assurance EY on 4 KPI's and DMA proces)

Gross CO2 (tonnes)



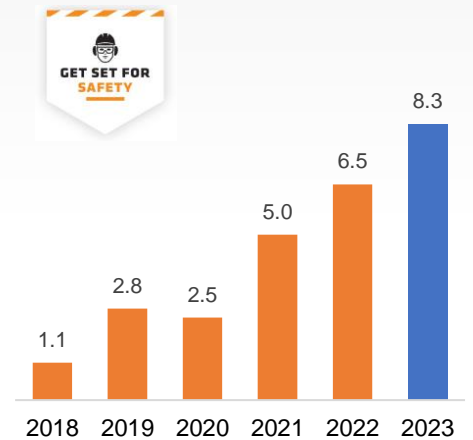
- Reporting brought more in line with GHG; KPI's on gas consumption and DMA added for limited assurance
- Gross scope 2 emissions are (partly) compensated by the energy generated on Sif's premises via the Haliade
- Compensation negatively impacted by Haliade downtime in 2023

Contribution to renewable energy (MW)



- Participation in projects that will potentially result in renewable energy capacity

LTIF (per mln hours worked)

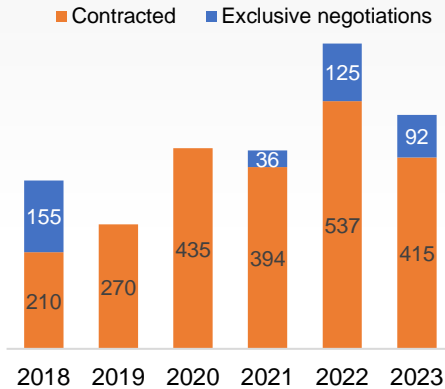


- LTIF, Lost Time Injury Frequency, amounted to 8.3 in 2023, considerably above Sif's target level of 1.5
- Safety improved on rolling 12-month after standdown and other actions



# Positive Market Development on Financial Key Indicators

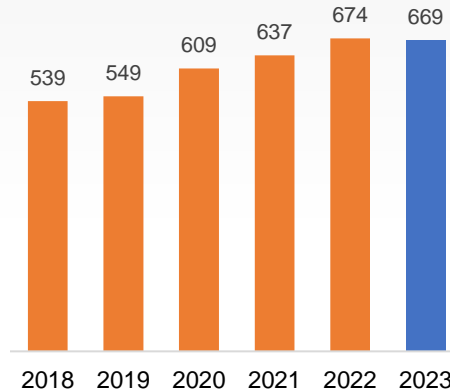
## Orderbook (Kton)



- At the end of 2023, Sif's orderbook decreased on termination of Empire Wind2
- Contract for Empire Wind 2 contained cancellation clauses
- Discussions on financial effects of termination ongoing to include replacement work

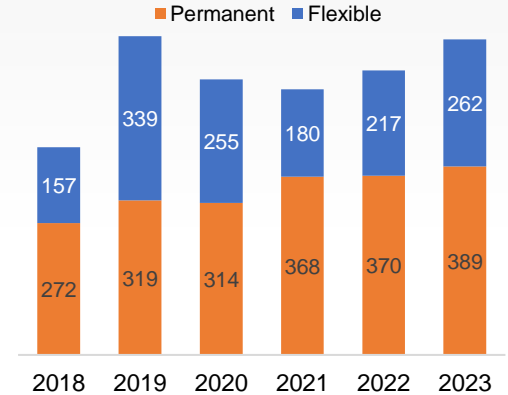
Notes: 1. Excl. marshalling and engineering revenues.

## Contribution € per ton<sup>(1)</sup>



- Contribution is a leading financial indicator because it excludes steel price fluctuations
- Contribution per ton 2023 excludes marshalling, engineering and fees related to income without production volume

## Workforce

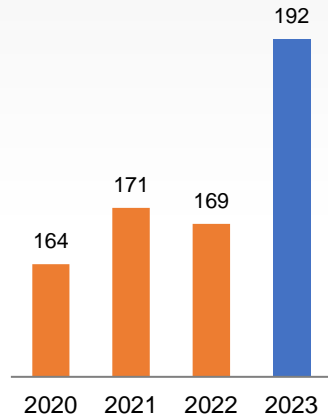


- Labor market remains stretched, despite cooling down of economy
- Newly recruited less experienced production workers negatively impact efficiency and productivity
- Focused recruitment approach starting to pay off

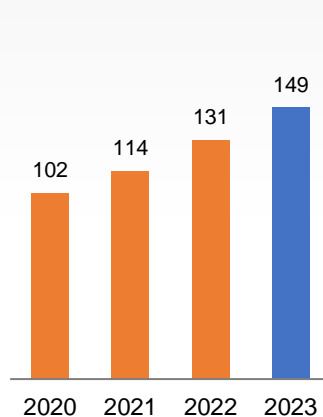


# Financial Results 2023 in Line with Guidance

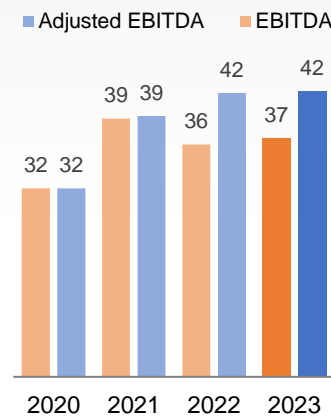
Production Kton



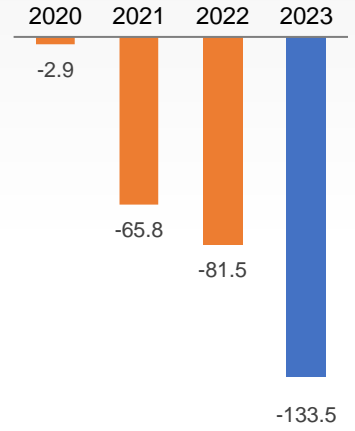
Contribution € mln



(Adj.) EBITDA € mln



Working Capital € mln



- Adjusted EBITDA at same level as prior year with positive impact from higher volumes and margin from projects without production volume being offset by increased labour costs and loss of marshalling income
- Continued focus on working capital management





**Sif**

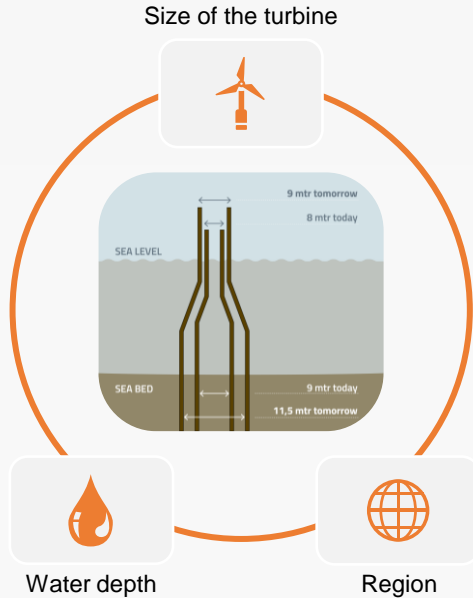
# Agenda

Our Performance in 2023

**Outlook and Progress on expansion works**

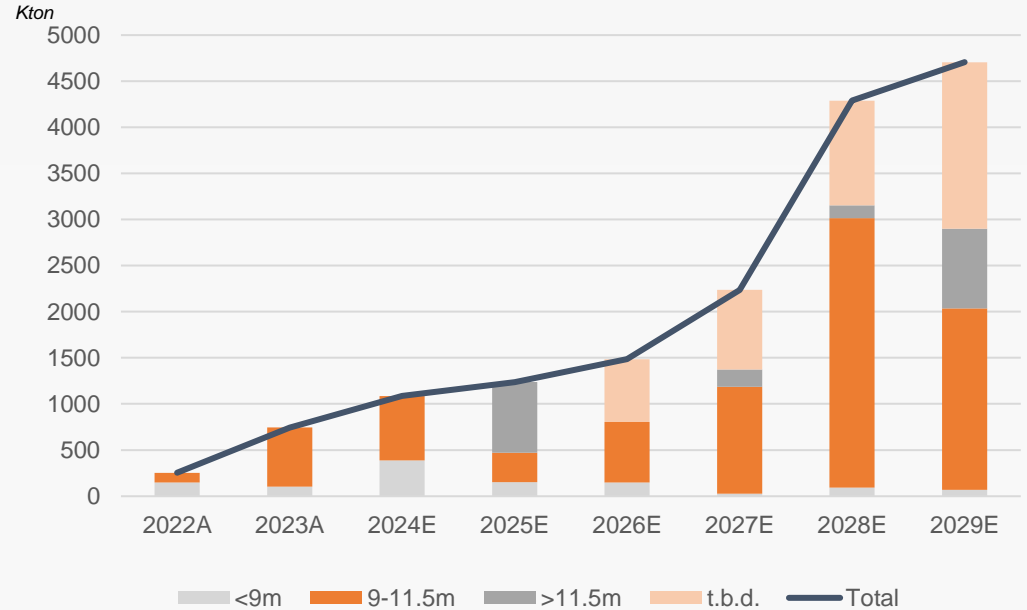
# Shift to next generation 3XL monopile foundation

## MP diameter development

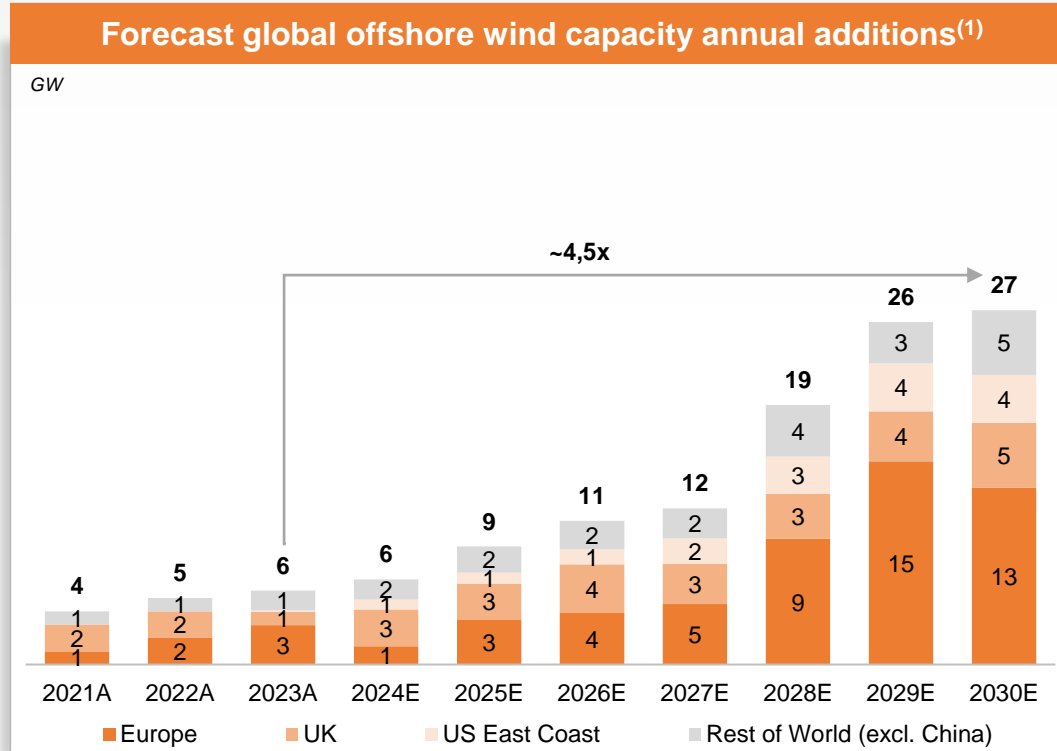


**The top diameter will not exceed 9 meter for the future 20MW+ turbines**

## Forecast MP market outlook for core markets<sup>(1,2)</sup>



# Ambitions are high, ramp-up is delayed due to temporary hick-ups



## Policies and targets

- European Green Deal, targeting to increase 2030 installed OSW capacity
- EU's Fit-for-55, reducing greenhouse gas by 55%
- REPowerEU, accelerating clean energy transition
- Cooperation framework between NSEC countries to target 260 GW of OSW by 2050
- Net Zero Industry Act and Wind Power Package supports local European OSW solution providers and makes OSW roll-out more predictable
- Ramp up is less steep due to temporary hick-ups in UK and US market



European Green Deal

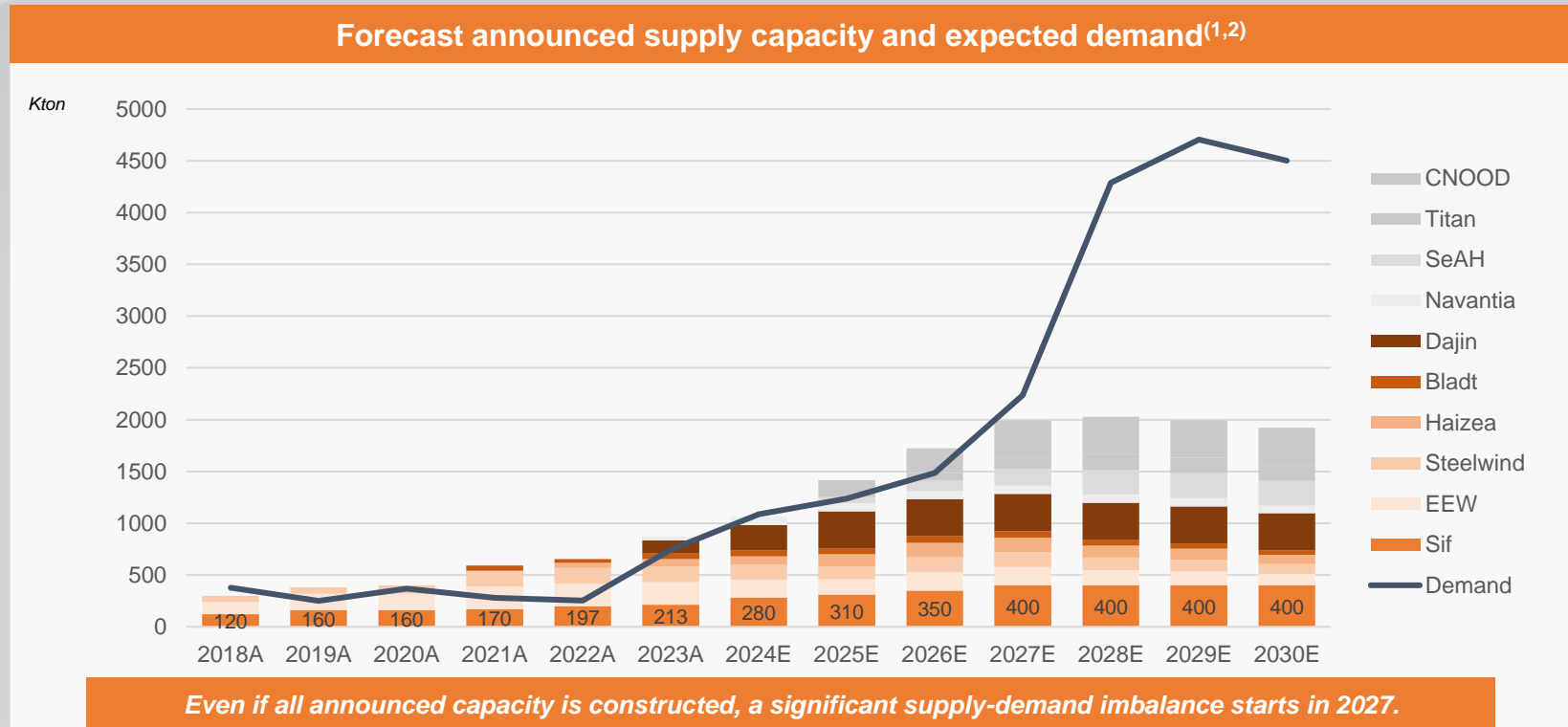


THE ESBJERG DECLARATION  
on The North Sea as a Green Power Plant of Europe

Source: WoodMackenzie

Notes: 1. Displayed years are years of grid connection

# Supply-demand imbalance as from 2027



Source: Company information, Sif addressable market (EU + UK + East Coast US until and including 2028).

Notes: 1. Capacity displayed assuming max. 80% utilization; For Sif the actual and expected production volumes are included; For new facilities a 2 year ramp up period is expected with 33% in year 1, 66% in year 2 and 100% in year 3; For expansion of existing facilities, a 1 year ramp up period is expected with 50% in year 1 and 100% in year 2. 2. US East Coast and Europe including UK.

# Operational situation today



## Supply chain challenges

- Steel and flange availability secured; price changes are passed through: no price risk for Sif involved;
- Energy-transition slow due to lagging supply-chain ramp-up in relation to ambitions;
- Availability of offshore installation equipment remains tight
- OEM's postpone growth of turbine sizes



## Tender processes

- No decrease in the number of tenders;
- Interest rates caused pipeline uncertainty in mainly US and UK but market parties have adjusted to new reality
  - US re-auctioning
  - UK increased strike price by 66% for CfD 6 to £73/MwH (£800 million)
  - EU announced 15 points action plan



## Personnel and facilities

- Availability of skilled workers has not further deteriorated but still stretched labor market;
- Priority on safety culture and prevention of sick leave;
- Redefined Code of Conduct and company policies for human rights, diversity, whistleblower and anti-corruption

# Outlook 2024

## Capex



- Expansion plan largely completed by the end of 2024; fully up and running from January 2025

## Production output

- Integration works summer of 2024 that join existing facilities and new structures
- Will impact production to 165 Kton



- **ESRS E1-2**  
Climate Change: reduce emissions by electrifying production and transportation
- **ESRS S1 & G1**  
Employee conditions, health & safety and Talent development: training programs, Code of conduct, new policies and policy-updates
- **ESRS E4-5**  
Circularity and bio diversity: research projects and green steel

## Financial



- Orderbook at 507 Kton;
- Factory-integration and start-up in the second half of 2024 will result in lower production output for full year of approximately 165 kton and will result in FY 2024 EBITDA of approx. €35 million;
- Higher volumes with €135 million EBITDA for 2025 and at least €160 million from 2026 foreseen

# Expansion plan on schedule to reach $\geq$ €160m EBITDA by 2026

## Expansion plan update



Construction of the manufacturing plant on schedule



All key supplier contracts signed



Highest safety and environmental standards included



Order book filled with 500 Kton supporting the business plan



Funding coming in as planned



No budgetary issues



*Strong focus on project execution in order to deliver on time and within budget*

# Significant growth potential post 2026

## Substantial and tangible strategic options

### Total Solutions Platform



- Expansion of solutions to include offering to fully circular offshore wind parks
- Additional high-value engineering offering and marshaling & logistics services

### Geographical Expansion



- Supply the US from Europe to benefit from undersupplied market (partnering)
- Deepen relationship and license agreement with GS Entec

### Capabilities Scale-up



- Expansion to manufacture MPs with a larger diameter in case of market need and appropriate return requirements
- Scale-up of transition piece manufacturing volumes
- Alternative foundations (e.g. tripod) and skybox commercialization





**Thanks**



**Sif**

**OFFSHORE  
FOUNDATIONS**

**> SHAPING TOMORROW. PERFORMING TODAY.**