



# Trading update Q1 2017

## Developments support full-year expectations

Roermond, The Netherlands – 18 May 2017



**Sif**

## Operational Highlights and Key Figures for Q1 2017

### Operational highlights:

- > Contract awards for Norther and Hohe See offshore wind parks
- > Delivery of monopiles and transition pieces for Galloper and Rentel offshore wind parks
- > Delivery of pin-piles for Beatrice jacket offshore wind project
- > Total throughput of approximately 57 Kton steel (46 Kton in Q1 2016)
  - o 93% for offshore wind (89% in Q1 2016)
  - o 7% for offshore oil & gas (11% in Q1 2016)

### Financial key figures:

- > Contribution increased by 21.4% to € 37.5 million (€ 30.9 million Q1 2016)
- > Normalized EBITDA increased by 1.7% to € 17.6 million (€17.3 million Q1 2016)
- > Operating Working Capital at end of Q1 2017 € 23.4 million (€ 8.3 million at year-end 2016)
- > Net Debt at end of Q1 2017 € 48 million (€ 42 million at year- end 2016)
- > Orderbook 210 Kton for 2017 and 97 Kton for 2018

### Jan Bruggenthijs, CEO of Sif-group, comments:

“As a provider of mission critical steel foundations and components, Sif-group is operating in the offshore wind and oil & gas markets. Longer-term projections for the market for offshore wind look healthy with annual growth of more than 5% (source: MAKE Consultants). As Sif-group provides products and services to clients on a project-by-project basis, characteristics of a project driven and therefore volatile market may be reflected in our short-term utilization rates, in production, and in earnings.

In the first quarter of 2017, longer than anticipated maintenance activities in Roermond and start-up expenses in both Roermond and Rotterdam resulted in a higher direct cost level and impacted production levels of certain projects during the first two months. In March, production levels were almost at full capacity. This resulted in a 1.7% higher EBITDA (normalized) in relation to the comparable quarter in 2016 and a significantly higher EBITDA compared to the previous quarter.

For 2017 a total production of 210 Kton is expected of which 57 Kton was produced in Q1 2017. Contribution was sound with € 662 per ton in Q1 2017”.

In € million	Q1 2017	Q1 2016	Change	Q4 2016	Change
Contribution	37.5	30.9	+21.4%	30.9	+21.5%
EBITDA (normalized)	17.6	17.3	+1.7%	10.5	+67.6%
Orderbook in Kton at the end of Q1 2017				For 2017	For 2018
Contracted				153	72
Exclusive negotiation				0	25
Total for the year				153	97

## Q1 2017 Results development

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### Contribution

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Revenues are impacted by fluctuations in the cost of steel and level of subcontracted services that are passed on to the client at no or limited margins. Therefore, Contribution is a more accurate performance indicator than Revenues.

Contribution in Q1 2017 amounted to € 37.5 million (€ 30.9 million in Q1 2016 and € 30.9 million in Q4 2016). In Q1 2017 Sif produced 57 Kton, compared to 46 Kton in the same period in 2016. This results in Contribution of € 662 per ton compared to € 672 per ton in Q1 2016.

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

### EBITDA (normalized)

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EBITDA (normalized) in Q1 2017 amounted to € 17.6 million compared to € 17.3 million in Q1 2016. EBITDA in any reporting period can be volatile since the orderbook of Sif contains a relatively limited number of projects (15 in 2016) that can have delivery dates just before or just after the end of a period under reporting. Q1 2016 in that respect was an exceptionally efficient quarter with exceptional earnings. The longer than anticipated maintenance turn-around times of equipment in the Roermond factory and higher than anticipated start-up and training expenses in both Roermond and Rotterdam had an impact during the first two months of the year. As of March 2017 all equipment is running at full capacity and production and EBITDA consequently were back on schedule.

EBITDA (normalized) is calculated as profit before finance expenses, tax, depreciation, amortization and IPO related costs.

### Net debt

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Net debt increased from approximately € 42 million at the end of 2016 to approximately € 48 million at the end of Q1 2017. This firstly relates to the Capex overflow from 2016 of the € 90 million investment program that Sif-group executed when constructing the new plant at Maasvlakte 2, Rotterdam and expansion of the facilities at Roermond. Secondly, it relates to higher working capital requirements. For 2017 total Capex will amount to approximately € 25 - € 30 million (maintenance Capex included). From 2018 maintenance Capex will amount to annually approximately € 8 million.

### Outlook

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With 210 Ktons estimated production for 2017, utilization will again be at a high level. During 2017, total capacity will increase from 225 Kton at the start to 300 Kton on a full year basis once the second production line becomes operational. The expected 2017 EBITDA result will not materially differ from normalized EBITDA in 2016.

Long term projections for European offshore wind look healthy with more than 5% annual growth for the period 2015- 2025 (source: MAKE Consultants). The orderbook for 2018 covers 97 Ktons.



## Financial Calendar

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18 May 2017	Annual General Meeting of Shareholders 2017
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	publication of Q3 2017 results

## Contact

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telephone Fons van Lith, Investor relations  
+31 (0)475 331 82  
+31 (0)651 314 952  
[f.vanlith@sif-group.com](mailto:f.vanlith@sif-group.com)

## disclaimer

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