



# Interim results 2017

Roermond, The Netherlands 24 August 2017



**Sif**

## Operational Highlights and Key Figures for H1 2017

### Operational highlights:

- > Contract wins for Norther and Hohe See in Q1 and for Borkum II and Albatros in Q2
- > Delivery of monopiles and transition pieces for Galloper and Rentel offshore wind parks
- > Delivery of pinpiles for Beatrice and Sverdrup jacket foundations
- > Production expansion program in Rotterdam (Maasvlakte 2) and Roermond on schedule for increase of capacity from 225 Kton to 300 Kton per annum by the end of 2017
- > Total throughput of approximately 108 Kton steel (97 Kton in HY1 2016)
  - o 91% for offshore wind (88% HY1 2016)
  - o 9% for offshore oil & gas (12% HY1 2016)

### Key figures:

- > Contribution increased by 14.1% to € 74.4 million (HY 2016: € 65.2 million)
- > Higher set-up and start-up expenses both recurring and non-recurring had an impact on EBITDA; EBITDA normalized for IPO costs reached € 33.7 million (HY 2016: € 36.9 million)
- > Revenue decreased to € 156.2 million (HY 2016: € 205.3 million)
- > Operating working capital stood at € 18.1 million (YE 2016: € 8.3 million)
- > Net debt totaled € 47.7 million (YE 2016: € 42.0 million)
- > Order book of 109 Kton signed contracts for 2018

### CEO Jan Bruggenthijs:

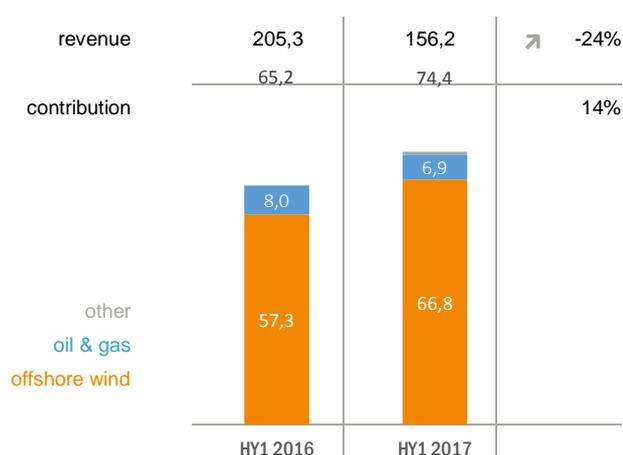
*“Sif once again contributed to some of the most prominent energy projects in Northwest Europe in the first half of 2017 through deliveries for Sverdrup, Rentel and Galloper. The commissioning of the first production line at our new Rotterdam-based facilities played a crucial part in being able to complete the products for these projects on time. Production increased by more than 11% in the first half of 2017 compared to the same period of last year. Contribution rose 14% vis-à-vis the first half of 2016. The costs of commissioning the new production facilities and start-up expenses were, however, higher than anticipated and production efficiency was less than in the first half of 2016, which was strong on the back of exceptional project results. This placed pressure on EBITDA in this reporting period. For the second half of 2017 we anticipate that these start-up issues will gradually be resolved. We anticipate that the EBITDA shortfall in the second half of 2017, compared to the second half of 2016, will be roughly half of the shortfall in EBITDA for the first half of 2017 compared to the first half of 2016.”*

*The order book and the pipeline are the main performance indicators for the future. Projects such as Albatros and Borkum II have increased our order book for 2018 to 109 Kton. Other projects, including St Nazaire and Courseulles in France and Fryslan in the Netherlands, scheduled for 2018 have been shifted to 2019 primarily relating to environmental issues. Some projects, such as Borssele in the Netherlands, have been pushed back for other reasons. With annual capacity of 300 Kton from 2018 and only few remaining opportunities for production in 2018, we anticipate some underutilization of production facilities, which demonstrates the volatility of the project-driven industry of which Sif is a part. Momentum for offshore wind has, however, accelerated with unsubsidized contract wins, decreased LCOE for offshore wind in Europe, increasing interest in the United States and the Far East and contracts for the first projects for 2019 under negotiation.”*



## First half 2017 Results development

### Contribution



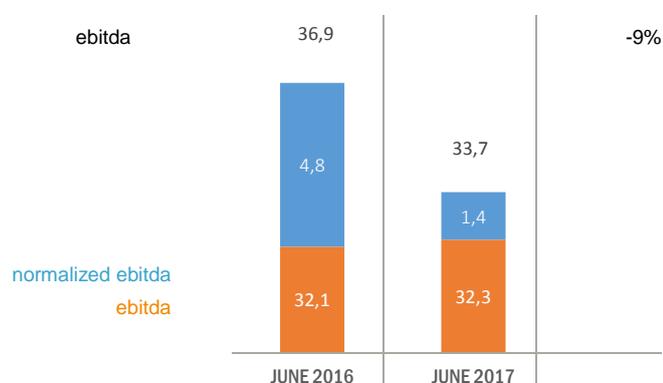
Production increased by 11.3% in the first half of 2017 compared to the same period of last year. Contribution amounted to € 74.4 million compared to € 65.2 million in the same period of last year, representing an increase of more than 14%. This resulted in a higher contribution per Kton at € 688 in the first half of 2017 compared to € 671 in the comparable period of 2016.

Offshore Wind Contribution accounted for 91% of the total contribution compared to 88% in the same period of last year.

We define contribution as revenues minus cost of sales. Cost of sales include costs for raw materials, subcontracted work and other external charges, logistics and other project- related expenses. Revenues in the first half of 2017 were substantially lower compared to the

same period last year. The change in total revenue and subcontracted work and other external charges is due to projects with less outsourced work. Sif contracted Smulders as a subcontractor to produce the secondary steel and outfitting of the transition pieces for several projects in the first half of 2016. The projects executed jointly by Sif and Smulders in the first half of 2017 are mainly split projects in which both entities conduct the administration and invoice revenue for their own part of the projects.

### EBITDA



EBITDA normalized for IPO costs stood at € 33.7 million compared to € 36.9 million in the first half of 2016 (€ 32.3 million for the first half of 2017 versus € 32.1 million for the first half of 2016 on a reported basis). The main reasons for the decrease were the non- recurring set-up and start-up expenses related to the commissioning of the production lines in Rotterdam. In addition, Sif faced higher than expected recurring operating costs for the new Rotterdam facility.

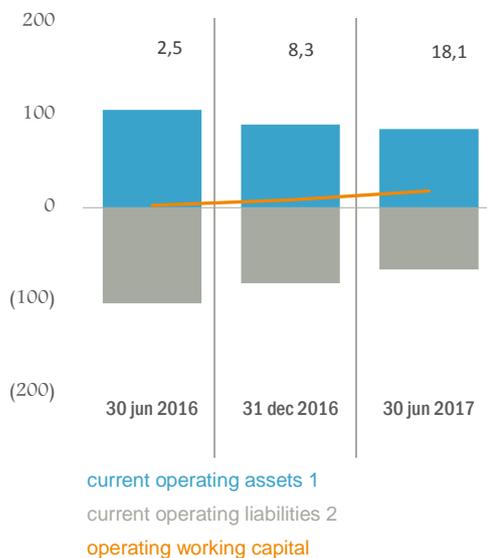


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## Net debt

Net debt amounted to € 47.7 million at the end of the first half of 2017 (year-end 2016: € 42.0 million). This increase is primarily attributable to the € 90 million investment program that is currently being completed.

## Operating working capital and cash flows



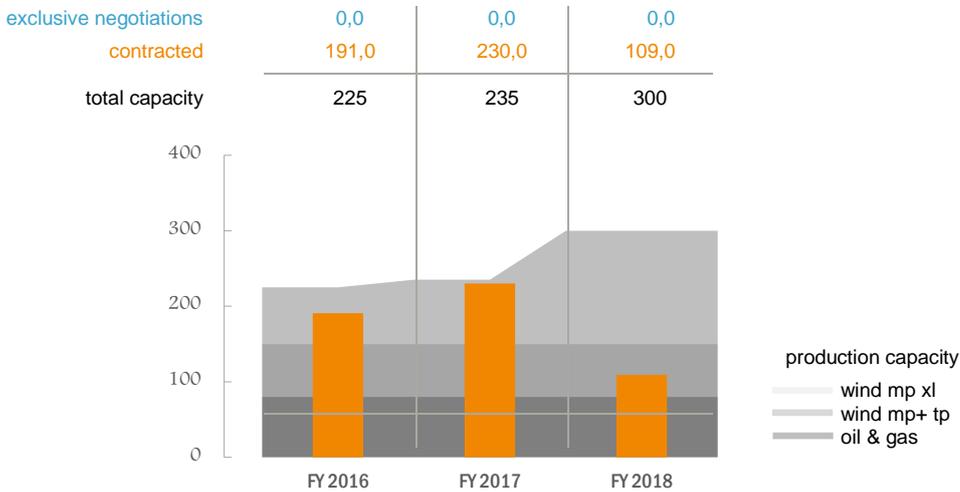
Operating working capital stood at € 18.1 million at the end of the first half of 2017, representing an increase of € 9.8 million compared to the period ending on 31 December 2016. This was mainly caused by the start-up of new projects.

Net cash from operating activities in the first half of 2017 stood at € 13.5 million (€ 38.0 million in first half of 2016). An important reason for this difference is the higher net working capital.

1 Current operating assets include inventories, work in progress, amounts due from customers, trade receivables and prepayments.

2 Current operating liabilities include trade payables, work in progress and amounts due to customers.

## Orderbook tons and Outlook



The order book for Offshore Wind in 2017 is full and the order book for Offshore Oil & Gas is filled to the base load level. Sif expects to produce approximately 230 Kton for the entire year 2017.

The order book for 2018 for both Offshore Wind and Offshore Oil & Gas stands at 109 Kton.

The capacity for XL monopiles will increase in the second half of 2017 with the completion of the new production facility in Rotterdam, reaching a maximum capacity of

300 Kton on an annual basis by the end of 2017.

We anticipate that the EBITDA shortfall in the second half of 2017, compared to the second half of 2016, will be roughly half of the shortfall in EBITDA for the first half of 2017 compared to the first half of 2016.



Second production line Maasvlakte 2 plant (left side) nearing completion



The assembly facility in Rotterdam (Maasvlakte 2) is progressing to schedule and production of the first monopiles in Rotterdam began in the second half of 2016 when the first of two production lines was completed. The second production line was put into operation in August 2017, bringing the plant to full capacity at that time.

The coating hall in Rotterdam was completed in the first half of 2017. Wind production lines in Roermond were rearranged to produce cans and primary steel for Transition Pieces. Investments in expanding production facilities in Roermond to allow for bigger diameters were also completed by the end of the first half of 2017. Full-year capex related to the Rotterdam plant and Roermond will amount to approximately € 25 million.

## Employees

The commissioning of Rotterdam and the three shift operations in Roermond have led to an increase in Sif's workforce. The number of employees in FTEs stood at 607 at the end of the first half of 2017, compared to 500 at the end of the first half of 2016. In connection with the expansion plan in Rotterdam, a number of employees have been seconded to the Rotterdam location. In addition, new employees have been hired for the production facility in Rotterdam. Approximately 40% of the total workforce of 607 FTEs is comprised of permanent staff. The other 60% of the workforce is made up of flexible employees with fixed term or project-specific contracts.

	FTE 2017	FTE 2016
fixed contracts	238	211
externally hired*	369	289
total	607	500

\* Externally hired on a temporary basis

## Annexes

### Interim financial statements dated 30 June 2017

### Statement by the Management Board

Roermond  
The Netherlands  
24 August 2017  
Jan Bruggenthijns CEO  
Leon Verweij CFO

The Management Board of Sif Holding NV ("Sif") hereby declares that, to the best of its knowledge, the unaudited interim condensed financial statements for the period ending 30 June 2017 as prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting gives a true and fair view of the assets, liabilities, financial position and the profit and loss of Sif and its jointly consolidated companies included in the consolidation as a whole, and that the report by the Management Board included in this half year report 2017 gives a fair view of the information required in accordance with Section 5:25d subsections 8 and 9 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

## Financial calendar

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10 November 2017	Trading Update Q3 2017
15 March 2018	FY 2017 Earnings
3 May 2018	AGM and Trading Update Q1 2018
23 August 2018	HY 2018 Earnings
8 November 2018	Trading Update Q3 2018

## Presentation of 2017 interim results

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Following this release, the CEO and CFO of Sif will present the 2017 interim results during an audio webcast conference call on 24 August 2017 at 09:30 AM CET. A transcript of the call will be available on the website of Sif shortly after the call. The conference call with an opportunity for questions and answers can be viewed via the link on the Company's website [www.sif-group.com](http://www.sif-group.com)

## Contact information

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### Investor relations

#### Fons van Lith

telephone	+31 (0)475 385 777
mobile	+31 (0)6 513 14 952
e-mail	<a href="mailto:f.vanlith@sif-group.com">f.vanlith@sif-group.com</a>

## Disclaimer

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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 the 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 various risks and uncertainties, which may cause actual results and performance of Sif's 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.

**Sif Holding N.V.**

**Unaudited interim condensed  
financial statements**

**30 June 2017**



**Sif**

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## Interim condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2017

Amounts in EUR '000		2017		2016	
		Unaudited	Unaudited	Unaudited	Unaudited
<b>Total revenue</b>	4		156,207		205,334
Raw materials		62,702		68,781	
Subcontracted work and other external charges		11,372		59,164	
Logistic and other project related expenses		7,747		12,153	
Direct personnel expenses		19,626		15,737	
Production and general manufacturing expenses		7,049		4,539	
Indirect personnel expenses		7,575		4,469	
Depreciation and amortization		6,526		3,459	
Facilities, housing and maintenance		2,849		1,601	
Selling expenses		464		276	
General expenses		2,841		1,809	
Other (income) / expenses	5	1,721		4,729	
<b>Operating profit</b>			<b>25,735</b>		28,618
Finance income		-		28	
Finance costs		(650)		(1,173)	
<b>Net finance costs</b>			<b>(650)</b>		(1,146)
<b>Profit before tax</b>			<b>25,085</b>		27,472
Income tax expense			5,685		4,837
<b>Profit attributable to the shareholder</b>			<b>19,400</b>		22,635
Other comprehensive income			-		-
<b>Total comprehensive income</b>			<b>19,400</b>		22,635
<b>Earnings per share</b>					
Number of ordinary shares outstanding			<b>25,501,356</b>		25,501,356
Basic earnings per share (EUR)			<b>0.76</b>		0.89
Diluted earnings per share (EUR)			<b>0.76</b>		0.89

## Interim condensed consolidated statement of financial position as at 30 June 2017

Amounts in EUR '000		<b>30-jun-2017</b>	31-dec-2016
		<b>Unaudited</b>	Audited
<b>Assets</b>			
Intangible fixed assets		117	143
Property, plant and equipment	6	121,454	115,103
Investment property		400	375
Investments in joint ventures		28	16
Other financial assets		10	719
<b>Total non-current assets</b>		<b>122,009</b>	<b>116,356</b>
Inventories		234	190
Work in progress – amounts due from customers	7	36,009	17,390
Trade receivables		44,878	69,112
VAT receivables		395	-
Other financial assets		5	5
Prepayments		3,888	3,223
Cash and cash equivalents		755	304
<b>Total current assets</b>		<b>86,164</b>	<b>90,224</b>
<b>Total assets</b>		<b>208,173</b>	<b>206,580</b>
<b>Equity</b>			
Share capital		5,100	5,100
Additional paid-in capital		1,059	1,059
Retained earnings		56,320	28,391
Result for the period		19,400	37,365
<b>Total equity</b>		<b>81,879</b>	<b>71,915</b>
<b>Liabilities</b>			
Loans and borrowings		48,443	42,273
Other non-current financial liabilities	8	186	392
Employee benefits		259	252
Deferred tax liabilities		274	328
<b>Total non-current liabilities</b>		<b>49,162</b>	<b>43,245</b>
Trade payables		53,820	50,536
Work in progress – amounts due to customers	7	13,038	31,113
Employee benefits		1,936	1,445
Wage tax and social security		702	923
VAT payable		-	510
CIT payable		3,861	2,258
Other current liabilities		3,775	4,635

<b>Total current liabilities</b>	<b>77,132</b>	<b>91,420</b>
<b>Total liabilities</b>	<b>126,294</b>	<b>134,665</b>
<b>Total equity and liabilities</b>	<b>208,173</b>	<b>206,580</b>



### Interim condensed consolidated statement of changes in equity

Amounts in EUR '000

	Share capital	Additional paid-in capital	Retained earnings	Result for the year	Total equity
<b>For the six months ended 30 June 2017</b>					
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Balance as at 1 January 2017	5,100	1,059	28,391	37,365	71,915
Appropriation of result	-	-	37,365	(37,365)	-
<b><u>Total comprehensive income</u></b>					
Profit attributable to the shareholder	-	-	-	19,400	19,400
Total comprehensive income	-	-	-	19,400	19,400
<b><u>Transactions with owners of the Company</u></b>					
Dividend distributions	-	-	(9,436)	-	(9,436)
Total transactions with owners of the Company	-	-	(9,436)	-	(9,436)
<b>Balance as at 30 June 2017</b>	<b>5,100</b>	<b>1,059</b>	<b>56,320</b>	<b>19,400</b>	<b>81,879</b>
<b>For the six months ended 30 June 2016</b>					
Balance as at 1 January 2016	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><u>Total comprehensive income</u></b>					
Profit attributable to the shareholder	-	-	-	22,635	22,635
Total comprehensive income	-	-	-	22,635	22,635
<b><u>Transactions with owners of the Company</u></b>					
Dividend distributions	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-
<b>Balance as at 30 June 2016</b>	<b>5,100</b>	<b>1,059</b>	<b>28,391</b>	<b>22,635</b>	<b>57,186</b>

## Interim condensed consolidated cash flow statement for the six months ended 30 June 2017

Amounts in EUR '000

	2017 Unaudited	2016 Unaudited
<b>Cash flows from operating activities</b>		
Profit before tax	25,085	27,472
Adjustments for:		
Depreciation and amortization	6,526	3,459
Net finance costs	650	1,146
Changes in net working capital		
o Inventories	(44)	18
o Work in progress amounts due / from customers	(36,694)	(5,510)
o Trade receivables	24,234	17,070
o Prepayments	45	(5,636)
o Trade payables	156	10,698
	<u>(12,303)</u>	<u>21,244</u>
VAT payable and receivable	(904)	(8,320)
Other financial assets	(12)	45
Employee benefits	497	(329)
Wage tax and social security	(221)	71
Other current liabilities	(858)	3,097
	<u>(1,498)</u>	<u>(5,436)</u>
Income taxes paid	(4,138)	(4,098)
Interest paid	(856)	(1,184)
<b>Net cash from operating activities</b>	<u>13,464</u>	<u>37,997</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(9,747)	(41,567)
<b>Net cash from (used in) investing activities</b>	<u>(9,747)</u>	<u>(41,567)</u>
<b>Cash flows from financing activities</b>		
Movement in revolving credit facility	6,170	-
Dividends	(9,436)	-
<b>Net cash from (used in) financing activities</b>	<u>(3,266)</u>	<u>-</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>451</u>	<u>(3,570)</u>
Cash and cash equivalents at 1 January	<u>304</u>	<u>28,733</u>
<b>Cash and cash equivalents at 30 June</b>	<u>755</u>	<u>25,163</u>

## Notes to the interim condensed consolidated financial statements for the six months ended 30 June 2017

### 1. Reporting entity

Sif Holding N.V. (the 'Company') is a company domiciled in the Netherlands. The Company's registered office is at Mijnheerkensweg 33, Roermond. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies').

The Group is primarily involved in the manufacturing of metal structures, parts of metal structures, pipes, pipe structures, components for the offshore industry and foundation piles for offshore wind farms.

### 2. Basis of preparation

These interim condensed consolidated financial statements for the period ended 30 June 2017 have been prepared in accordance with International Financial Reporting Standards IAS 34 (Interim Financial Reporting) as adopted by the European Union (EU-IFRSs).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and investment property that have been measured at fair value. The Group's consolidated financial statements are presented in EUR ('000), which is also the Company's functional currency, if not stated otherwise. All values are rounded to the nearest thousands (EUR '000) on individual line items which can result in minor rounding differences in sub-totals and totals, except when otherwise indicated. The interim condensed consolidated financial statements have not been audited.

#### ***Management estimates and judgements***

The preparation of the Group's consolidated financial statements requires management to make estimates and assumptions. To make these estimates and assumptions the Group uses factors such as experience and expectations about future events that are reasonably expected to occur given the information that is currently available. These estimates and assumptions are reviewed on an ongoing basis.

Revisions of accounting estimates and assumptions, or differences between accounting estimates and assumptions and the actual outcomes, may result in adjustments to the carrying amounts of assets and liabilities, which would be recognised prospectively.

#### ***Work in progress***

Revenues and costs in relation to work in progress are recognised in the statement of profit or loss in proportion to the stage of completion of each project. The stage of



completion is assessed based on the actual hours incurred compared with the estimated hours needed to complete the full project. In addition, management estimates at each reporting date the total expected costs to be incurred for each individual project and adjustments are made where appropriate.

### **Leases**

The Group rents warehouse/factory facilities and several housing units in order to carry out its activities. These rental contracts are accounted for as operating leases. As of September 2015, the Group entered into a lease agreement with Havenbedrijf Rotterdam N.V. for the lease of two plots in the Rotterdam harbour which will end on 1 July 2031. It is the Group's opinion that it does not possess the principal risks and benefits associated with ownership of the assets.

### **Jubilee scheme**

The costs of the jubilee scheme are calculated according to actuarial methods. The actuarial method uses assumptions about discount rates, future salary increases, and retention rates. Such estimates are very uncertain, owing to the long-term nature of the scheme. The assumptions used are reviewed each reporting date.

### **Impairment**

The Group assesses whether there is any indication that assets have been impaired as at the reporting date. If any such indication is detected, or if an asset is required to undergo its annual impairment testing, the Group estimates the recoverable amount of the asset. In determining the recoverable amount of the asset estimates shall be made, including for example estimates of future cash flows and discount rates.

## **3. New and amended standards and interpretations**

### **IFRS 9 *Financial Instruments***

The final version of IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. The Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the group in the future. Overall, the Group expects no significant impact on its balance sheet and equity.

#### **(a) *Classification and measurement***

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and



interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

**(b) Impairment**

IFRS 9 requires to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables.

**(c) Hedge accounting**

The Group expects no impact as no hedge accounting is used at this point in time.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group plans to adopt the new standard on the required effective date using the full retrospective method. The Group is currently assessing the impact of IFRS 15 based on the five steps of the new revenue recognition model.

**IFRS 16 Leases**

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17 *Leases*. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

The new standard is effective for annual periods beginning on or after 1 January 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Group is currently assessing the impact of IFRS 16, which is expected to be material on its consolidated financial statements.

## 4. Operating segments

The following table presents revenue and profit information for the Group's operating segments for the six months ended 30 June 2017 and 2016, respectively.

Amounts in EUR '000	2017				2016			
	Wind	Oil and Gas	Other	Total	Wind	Oil and Gas	Other	Total
Revenue	142,502	12,289	1,416	156,207	190,221	15,106	7	205,334
Segment contribution	66,745	6,845	796	74,386	57,270	7,959	7	65,236
Gross profit	44,831	2,395	485	47,711	42,618	2,335	7	44,960
Indirect personnel expenses				(7,575)				(4,469)
Depreciation and amortization				(6,526)				(3,459)
Facilities, housing and maintenance				(2,849)				(1,601)
Selling expenses				(464)				(276)
General expenses				(2,841)				(1,809)
Other (income) / expenses				(1,721)				(4,729)
Net finance costs				(650)				(1,146)
<b>Total profit before tax</b>				<b>25,085</b>				<b>27,471</b>

The movement in total revenue and subcontracted work and other external charges is mainly caused by projects with less outsourced work. For several projects for the six months ended 30 June 2016, the Group contracted a subcontractor to produce the secondary steel and outfitting the transition pieces. Projects for the six months ended 30 June 2017, which are executed by the Group and a subcontractor to produce the secondary steel and outfitting the transition pieces together, are mainly split projects where both entities carry out the administration and invoice revenue for their own part.

### Definitions for applied segments

The Group recognises three segments being Wind, Oil and Gas and Other. The Wind segment relates to products and services delivered to the offshore wind energy markets (monopiles- and transition pieces for new build wind farms), mainly in the north-western European region. The Oil & Gas segment relates to products & services delivered to the western European offshore oil & gas industry (components for jackets like piles and sleeves, for new build or replacement platforms). Other represents the remaining products and services.

### Reconciliations of information on reportable segments to IFRS measures

The Group's revenues do not have a seasonal pattern. Finance income, finance costs, taxes and fair value gains and losses on certain financial assets and liabilities are not allocated to individual segments as these are managed on an overall group basis. Total

assets, which are all located in the Netherlands, are not allocated to individual segments as these are managed on an overall group basis.

## 5. Other (income) / expense

The other (income) and expenses include a total of EUR 1.5 million of net non-recurring costs in relation to the initial public offering (IPO) of the Company. Furthermore an amount of EUR 1.8 million is recorded on the statement of financial position as at 30 June 2017 to be amortized over the next 10 months, all of which in relation to the secured clawback arrangement of management. The IPO was successfully completed on 12 May 2016.

## 6. Property, plant and equipment

During the six months ended 30 June 2017, the Group acquired assets with a cost of EUR 12.7 million (the six months ended 30 June 2016 EUR 41.6 million). These acquisitions include EUR 6.2 million investments related to assets under construction.

## 7. Work in progress

Amounts in EUR '000	30-jun-2017	31-dec-2016	30-jun-2016
Work in progress –amounts due from customers (current assets)	36,009	17,390	49,595
Work in progress –amounts due to customers (current liabilities)	<u>(13,038)</u>	<u>(31,113)</u>	<u>(21,523)</u>
	<u>22,971</u>	<u>(13,723)</u>	<u>28,072</u>
Expenses incurred including realized profit to date	804,407	599,695	432,396
Invoiced terms	<u>(781,436)</u>	<u>(613,418)</u>	<u>(404,324)</u>
	<u>22,971</u>	<u>(13,723)</u>	<u>28,072</u>

Management periodically reviews the valuation of work in progress based on project agreements, project results till date and estimates of project expenses to be incurred. Each period end management assesses the status of the projects and takes into consideration all aspects in order to finalize the projects in line with contractual agreement and relating contingencies, such as potential upward or downward adjustment in the projected estimates, and accounts for them accordingly. Due to changes in estimates, fluctuations in the anticipated project result can occur over the contract term.

As per 30 June 2017, no loss making contracts have been identified by management. The amounts due from customers concern all projects in progress for which expenses incurred plus recorded profit minus project losses if any, exceed the terms invoiced to customers. Amounts due to customers concern the balances of all projects in progress for which the invoiced terms exceed expenses incurred plus recorded profit minus project losses if any.

Both the amounts due to and due from customers predominantly have durations shorter than 12 months and are therefore considered to be current.

## 8. Financial instruments

### Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Amounts in EUR '000

	Carrying amount		Fair value			
	Designated at fair value	Total	Level 1	Level 2	Level 3	Total
<b>30 juni 2017</b>						
Financial liabilities measured at fair value						
Interest rate swaps	186	186	-	186	-	186
	186	186	-	186	-	186
	Carrying amount		Fair value			
	Designated at fair value	Total	Level 1	Level 2	Level 3	Total
<b>31 december 2016</b>						
Financial liabilities measured at fair value						
Interest rate swaps	392	392	-	392	-	392
	392	392	-	392	-	392
	Carrying amount		Fair value			
	Designated at fair value	Total	Level 1	Level 2	Level 3	Total
<b>30 juni 2016</b>						
Financial liabilities measured at fair value						
Interest rate swaps	781	781	-	781	-	781
	781	781	-	781	-	781

## Measurement of fair values

The following tables show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

<i>Financial instruments measured at fair value</i>			
Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Interest rate swaps	<i>Market comparison technique:</i> The fair values are based on marked-to-market (MTM) quotes from the issuing bank institutions. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

## 9. List of subsidiaries

Included in the consolidated financial statements are the following subsidiaries:

Name	Location	Share in issued capital %
Sif Netherlands B.V.	Roermond	100
Sif Property B.V.	Roermond	100

## 10. Off-balance sheet commitments

### Purchase commitments for property, plant and equipment

At 30 June 2017, the Group had commitments of EUR 2.3 million relating to the purchase of property, plant and equipment items.

### Lease commitments

The Group leases a warehouse/factory facility, temporary working units, a house and an apartment under operating leases. The lease for the warehouse runs for a remaining period of 10 months. The lease of the temporary working units runs for a remaining period of 4 to 26 months. The lease for the house runs for another 6 months and the lease for the apartment runs for a remaining period of 3 months (cancellation period).

The Group entered into a lease agreement with Havenbedrijf Rotterdam N.V. for the lease of a specific plot in the Rotterdam harbour. The lease started at 1 September 2015 and will end on 1 July 2031, with annual committed lease payments of EUR 0.8 million during the initial building phase increasing up to EUR 3.3 million after five years when the plots and buildings are fully in use.

## Tax entity

The Company constitutes a fiscal unity with its subsidiaries for corporate income tax purposes and VAT. The fiscal unity is headed by the Company. The standard conditions prescribe that all companies of the fiscal unity are liable for the corporate income tax payable and VAT.

## Guarantee facilities

At period end the Group had the following guarantee facilities:

Name	Type	30-jun-17 Total facility	30-jun-17 Used	31-dec-16 Total facility	31-dec-16 Used
Amounts in EUR '000					
Euler Hermes Interborg N.V. / Chubb	General	100,000	52,214	100,000	53,849
Nationale Borg Maatschappij	General	10,000	9,558	10,000	9,558
Coöperatieve Rabobank U.A.	General	20,000	5,900	20,000	6,070
ING Bank N.V.	General	20,000	14,143	20,000	3,183
ABN AMRO Bank N.V.	General	20,000	10,544	20,000	-
Nationale Borg Maatschappij	Project	6,788	6,788	6,788	6,788
Coöperatieve Rabobank U.A.	Project	16,034	16,034	21,979	21,979
ING Bank N.V.	Project	8,459	8,459	14,404	14,404
Total		201,281	123,640	213,171	115,831

The Group is jointly and severally liable for all amounts to which Euler Hermes, Ace European Group, Coöperatieve Rabobank U.A., ING Bank N.V. and Nationale Borg Maatschappij have a right to claim in relation to the above mentioned guarantees. The former shareholder is also jointly and severally liable for all amounts of the pending guarantees which have been provided before 12 May 2016.

## 11. Dividend

Dividend over financial year 2016 for an amount of 9.4 million has been approved by the General meeting of Shareholders dated 18 May 2017.

## 12. Events after the reporting period

There were no material events after 30 June 2017.

Roermond, 24 August 2017

The Board of Directors:

J.B.J. Bruggenthijs

L.A.M. Verweij



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