

## Gearing up for new industry design-standards and improved market outlook

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### Operational highlights:

- > Continued strong safety performance resulting in LTIF of 0.97 for FY 2018 (1.49 in 2017)
- > Production and/or delivery of monopiles and transition pieces for Borssele 3+4, Hohe See, Albatros, Trianel and Norther offshore wind farms
- > Delivery of pin piles for Peregrino and Sverdrup jacket foundations
- > Innovations support decreasing LCOE for offshore wind
- > Contracts won for Seamade and Borssele 1+2+3+4
- > New exclusive position for 75 Kton project
- > Total throughput of approximately 138 Kton of steel (2017: 232 Kton)
  - o 102 Kton (or 74%) for offshore wind
  - o 34 Kton (or 24%) for oil & gas
  - o 2 Kton (or 2%) for other

### Key figures:

- > FY 2018 contribution of € 74.3 million (FY 2017: € 135.6 million)
- > FY 2018 normalized EBITDA of € 13.3 million (FY 2017: € 57.1 million);
- > FY 2018 profit attributable to the shareholder -€ 2.1 million (FY 2017: € 30.8 million);
- > Earnings per share 2018 -€ 0.08 (€ 1.21 in 2017);
- > Dividend proposal € 0.10 in cash per share (€ 0.30 for 2017);
- > Year-end 2018 net working capital € 14.2 million (YE 2017: € 7.1 million)
- > Year-end 2018 net debt € 30.4 million (YE 2017: € 25.1 million)
- > Order book 210 Kton signed contracts for 2019; 155 Kton exclusive negotiations for 2020 and beyond

In € million	FY 2018	FY 2017	change YOY
<b>Contribution</b>	<b>74.3</b>	<b>135.6</b>	<b>-45%</b>
<b>Normalized EBITDA</b>	<b>13.3</b>	<b>57.1</b>	<b>-77%</b>
<b>Earnings after tax</b>	<b>-2.1</b>	<b>30.8</b>	<b>-107%</b>
<b>Kton production</b>	<b>138</b>	<b>232</b>	<b>-41%</b>
<b>EPS</b>	<b>-0.08</b>	<b>1.21</b>	<b>-107%</b>

Order book at year-end	For 2019	For 2020 and beyond
<b>Contracted</b>	<b>210</b>	<b>0</b>
<b>Exclusive</b>	<b>0</b>	<b>155</b>

### CEO Fred van Beers:

We cushioned the anticipated low utilization in 2018 by agreeing with our client to produce monopiles for Borssele 3+4 in 2018 instead of 2019. The agreement came at a discount. Delays in production of steel and hampered transportation due to low water levels in Moselle and Rhine, partly frustrated our plans. Sif took advantage of the relatively low manufacturing activity to gear up for changing market conditions. This implies gearing up for higher utilization of our production facilities. But it also implies gearing up for changing industry standards on product surface protection (coating) and on the use of steel (less wall thickness combined with larger diameters). This underpins the efforts of the industry

to reduce development, production, installation and exploitation costs of offshore windfarms by improving efficiency and applying innovative solutions.

New industry design standards are defined by the PISA working group, resulting in regulations that were ratified in the summer of 2018. These regulations allow designers to apply less wall thickness and larger diameters for the production of monopiles. As already indicated in November 2018, Sif will invest approximately € 40 million over the period 2019-2021 in coating- facilities and production equipment to match these new standards.

Offshore wind market conditions have further improved for the 2018-2027 timeframe and it is now estimated that in average 4.8 GW per year will be added to the grid- connected European wind capacity. We have seen high tender activity in 2018 that resulted in the current 365 Kton orderbook for the 2019-2021 period with still a few 2020 and 2021 projects due for (final) award somewhere during the next half year. Anticipating the effects hereof, we have brought our labor force back to strength at the end of 2018 and executed delayed maintenance on our machinery during the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2018. Together with the planned investments, Sif is well positioned for the projects anticipated in the period 2019-2027.

## FY 2018 results development

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All amounts and numbers in this results press release are based on the Company's annual accounts that will be published today and that will be presented to the Annual General Meeting of Shareholders for approval on 3 May 2019.

### Contribution

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Contribution in 2018 was € 74.3 million, some 45% less than in 2017. This brought the 2018 contribution per Kton to € 539 compared to € 585 per Kton for 2017.

The anticipated gap in our production schedule and logistic hurdles were important reasons for the production decrease. Total production was 138 Kton compared to 232 Kton in 2017. To limit underutilization effects Sif agreed with clients to move production for Borssele 3+4, initially scheduled for manufacturing in 2019, forward to 2018. Steel production delays and logistic challenges related to drought and low water levels in rivers Moselle and Rhine, caused unexpected execution delays at Sif and a shift of part of the Borssele 3+4 project back into 2019. In addition we chose to subcontract another project to avoid liquidated damages from late delivery already in 2017. This also impacted contribution.

This is reflected in Revenues and Contribution numbers: offshore wind accounted for approximately 69% of the total contribution and for 83% of revenues. Revenue for 2018 (€ 235.1 million) was 28% lower than for 2017 (€ 327.2 million).

We define contribution as revenue minus cost of sale. Cost of sale includes the costs of raw materials, subcontracted work and other external charges, logistics and other project-related expenses.

### EBITDA

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EBITDA normalized for amortization of IPO costs was € 13.3 million in 2018 compared to € 57.1 million in 2017. The main reasons for the Y-on-Y development were the low utilization of production capacity and lower sales margins on projects. To manage the risks of this volatile project environment, Sif employs a relatively large flexible workforce shell. A relatively small part of the

flexible workforce however was retained given the temporary slow market situation combined with the improving industry outlook. Redundant staff were employed to delayed maintenance activities.

EBITDA is calculated as profit before finance expense, tax, depreciation and amortization

## Net debt

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Net debt at the end of 2018 amounted to € 30.4 million (end of 2017: € 25.1 million), a decrease by € 22.1 million on the € 52.5 million net debt position at the end of the first half of 2018.

CAPEX in 2018 was € 4.6 million. Normal annual maintenance CAPEX is at levels of € 6 - 8 million and annual depreciation at levels between € 13 and 15 million.

## Operating working capital and cash flows

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Cash flow from operating activities in 2018 was € 5.5 million. Operating working capital stood at € 14.2 million at the end of 2018 (€ 7.1 million at the end of 2017), a decrease by € 18.5 million compared to the period ending 30 June 2018.

## Order book tonnage and outlook

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Early in 2017 we informed the market that delays in the development of projects would lead to a lower level of activity in 2018. This has proven to be the case as total production for 2018 came in at 138 Kton.

The manufacturing of project Borssele 3+4 was further delayed and partly shifted into the first quarter of 2019. Main reasons were low water levels due to extreme drought in the summer of 2018 and production delays at our steel- supplier. This caused underutilization in 2018 but also impacts results in mainly Q1 2019 since Borssele 3+4 was acquired at a discount. With a signed contracts order book for 2019 at 210 Kton and 155 Kton in exclusive negotiations for the years beyond, expectations for the near future look healthy. For 2019 we expect earnings to gradually recover after the first quarter. In view of the expectations for the offshore wind market in the period after 2019 it is anticipated that virtually all or a very large part of the production facilities' capacity will be utilized as the expected average annual growth of North Sea offshore wind amounts to 4.8 GW. In view of these expectations, we increased our staffing and expect to return to close to 600 FTE during 2019 with approximately 40% flexible and 60% permanent staff.

The offshore wind industry is in transition. This is evidenced by amongst others industry- specific design- and engineering specifications that recently have been adopted. These will affect the whole offshore wind production chain and also Sif's business in the next few years. This trend could create additional business opportunities. For 2019 this will require an investment by Sif of approximately € 8 million in additional coating capacity to match increased coating requirements by clients. Our coating facilities will be extended from 4 to 6 units at Maasvlakte 2. For 2019 to 2021 the implementation of PISA guidelines will require investments up to approximately € 32 million in total to adjust production lines and support- equipment. This is required to be able to handle larger diameters (up to 11 meter) in combination with lower wall thicknesses. Financing arrangements for Sif have been extended post-closing of 2018 and allow for these foreseen investments and the required working capital as well as for the proposed dividend 2018.

The application of IFRS 16 will impact balance sheet and EBITDA as of 2019. The capitalization of leases will impact EBITDA positively by approximately € 3.5 million per year. It will lead to an increase of the balance sheet with approximately € 30 million.

## Dividend proposal

Profit attributable to the shareholders amounted to - € 2.1 million. The Executive and Supervisory Boards will propose to the General Meeting of Shareholders on 3 May 2019 that € 2.55 million will be paid as a dividend resulting in a dividend per share of € 0.10 in cash. The ex-dividend date is 8 May 2019 which is also the dividend record date. Payment of net dividend to financial intermediaries is scheduled for 9 May 2019.

## Employees

Safety is a priority at Sif. In 2018 LTIF (Lost Time Injury Frequency) decreased to 0.97 from 1.49 in 2017. Sif employed 429 FTEs at the end of 2018 compared to 615 at the end of 2017. The flexible workforce at the end of 2018 was 157 FTE (363 FTEs end of 2017).

	FTE 2018	FTE 2017
fixed contract	272	252
externally hired*	157	363
total	429	615

\* Externally hired on a temporary basis

## Annexes

### Statement by the Management Board

The Executive Board declares that, to the best of its knowledge:

1. The financial statements as included in this release and the 2018 Annual Report provide a true and fair view of the assets, liabilities, financial position and profit for the financial year of Sif Holding N.V. and the Group companies included in the consolidation;
2. The report of the Executive Board as included in the 2018 Annual Report provides a true and fair view of the situation on the balance sheet date and the business development during the financial year of Sif Holding N.V. and its affiliated Group companies included in the consolidated financial statements. The report of the Executive Board describes the material risks to which Sif Holding N.V. is exposed.

### Financial calendar

21 March 2019  
3 May 2019  
28 August 2019  
7 November 2019

FY 2018 Earnings  
AGM and Trading Update Q1 2019  
HY 2019 Earnings  
Trading Update Q3 2019



## Presentation of 2018 results

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Following this release the CEO and CFO of Sif will present the 2018 results during a webcast live analysts meeting on 21 March 2019 at 09:30 hours CET. A transcript of the meeting will be published on Sif's website shortly after the meeting. A road show will be organized in Amsterdam (21 - 22 March), London (25 March), Paris (3 April) and Frankfurt (4 April).

## Contact information

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### Investor relations

#### Fons van Lith

telephone	+31 (0)475 385 777
mobile	+31 (0)6 51314952
e-mail	f.vanlith@sif-group.com

## 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. These statements are 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 the statements. Historical results are no guarantee of future performance. Forward-looking statements are subject to various risks and uncertainties, which may cause Sif's actual results and business performance 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", "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 neither intends nor assumes any obligation to update any industry information or forward-looking statements set forth in this release in order to reflect subsequent events or circumstances. The content of this trading update is for information purposes only and is not intended as investment advice, nor does it constitute an offer or solicitation for the purchase or sale of any financial instrument. Sif does not warrant or guarantee the completeness, accuracy, or fitness for any particular purposes of the information included in this release.

## Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018

Amounts in EUR '000	2018	2017
<b>Total revenue from contracts with customers</b>	<b>235.140</b>	<b>327.180</b>
Raw materials	104.839	144.627
Subcontracted work and other external charges	44.829	23.529
Logistic and other project related expenses	11.136	23.390
Direct personnel expenses	24.165	36.208
Production and general manufacturing expenses	9.689	14.415
Indirect personnel expenses	14.808	15.663
Depreciation and amortization	13.682	13.153
Facilities, housing and maintenance	6.648	6.192
Selling expenses	648	781
General expenses	4.073	5.721
Other expenses	1.716	2.074
<b>Operating profit</b>	<b>(1.094)</b>	<b>41.427</b>
Finance income	-	-
Impairment losses on financial assets	(39)	-
Finance costs	(1.677)	(1.442)
<b>Net finance costs</b>	<b>(1.716)</b>	<b>(1.442)</b>
Share of profit of joint ventures	13	12
<b>Profit before tax</b>	<b>(2.797)</b>	<b>39.997</b>
Income tax expense	(746)	9.237
<b>Profit after tax</b>	<b>(2.051)</b>	<b>30.760</b>
<b>Attributable to:</b>		
Non-controlling interests	-	-
Equity holders of Sif Holding N.V.	(2.051)	30.760
<b>Profit after tax</b>	<b>(2.051)</b>	<b>30.760</b>
<b>Earnings per share</b>		
Number of ordinary shares outstanding	25.501.356	25.501.356
Basic earnings per share (EUR)	(0,08)	1,21
Diluted earnings per share (EUR)	(0,08)	1,21

## Consolidated statement of financial position as at 31 December 2018

Amounts in EUR '000	31-dec-2018	31-dec-2017
<b>Assets</b>		
Intangible fixed assets	1.230	91
Property, plant and equipment	111.370	121.574
Investment property	400	400
Investments in joint ventures	41	28
Other financial assets	-	10
<b>Total non-current assets</b>	<b>113.041</b>	<b>122.103</b>
Inventories	367	303
Contract assets	28.891	30.510
Trade receivables	47.608	48.632
Other financial assets	90	5
Prepayments	754	1.842
CIT receivable	543	-
Cash and cash equivalents	505	877
<b>Total current assets</b>	<b>78.758</b>	<b>82.169</b>
<b>Total assets</b>	<b>191.799</b>	<b>204.272</b>
<b>Equity</b>		
Share capital	5.100	5.100
Additional paid-in capital	1.059	1.059
Retained earnings	79.430	56.320
Result for the year	(2.051)	30.760
<b>Total equity</b>	<b>83.538</b>	<b>93.239</b>
<b>Liabilities</b>		
Loans and borrowings	-	25.984
Other non-current financial liabilities	50	-
Employee benefits	315	294
Deferred tax liabilities	80	177
Other non-current liabilities	1.981	407
<b>Total non-current liabilities</b>	<b>2.426</b>	<b>26.862</b>
Loans and borrowings	30.882	-
Provision	263	-
Trade payables	42.353	52.592
Contract liabilities	21.079	21.624
Employee benefits	1.555	1.371
Wage tax and social security	1.471	1.353
VAT payable	4.276	1.504
CIT payable	-	1.921
Other current liabilities	3.956	3.806
<b>Total current liabilities</b>	<b>105.835</b>	<b>84.171</b>
<b>Total liabilities</b>	<b>108.261</b>	<b>111.033</b>
<b>Total equity and liabilities</b>	<b>191.799</b>	<b>204.272</b>

## Consolidated cash flow statement for the year ended 31 December 2018

Amounts in EUR '000	2018	2017
<b>Cash flows from operating activities</b>		
Profit before tax	(2.797)	39.997
Adjustments for:		
Depreciation and amortization	13.682	13.153
Fair value adjustment on investment property	-	(25)
Unrealized changes in joint ventures	(13)	(12)
Impairment losses on financial assets	(39)	-
Net finance costs	1.677	1.442
Changes in net working capital		
o Inventories	(65)	(113)
o Contract assets and liabilities	1.074	(22.609)
o Trade receivables	540	20.480
o Prepayments	1.014	2.090
o Trade payables	(11.811)	10.071
	<u>6.059</u>	<u>24.477</u>
VAT payable and receivable	2.772	994
Employee benefits	206	(116)
Provisions	263	-
Wage tax and social security	118	430
Other current liabilities	2.181	(579)
	<u>5.540</u>	<u>729</u>
Income taxes paid	(1.815)	(9.725)
Interest paid	(1.439)	(1.592)
<b>Net cash from operating activities</b>	<u>5.548</u>	<u>53.886</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(1.191)	-
Purchase of property, plant and equipment	(1.952)	(27.587)
Loans and borrowings to joint ventures	(75)	-
<b>Net cash from (used in) investing activities</b>	<u>(3.218)</u>	<u>(27.587)</u>
<b>Cash flows from financing activities</b>		
Movements in revolving credit facility	4.899	(16.289)
Proceeds from new borrowing	50	-
Dividends	(7.650)	(9.436)
<b>Net cash from (used in) financing activities</b>	<u>(2.701)</u>	<u>(25.725)</u>
<b>Net increase / decrease in cash and cash equivalents</b>	<u>(372)</u>	<u>573</u>
Cash and cash equivalents at 1 January	<u>877</u>	<u>304</u>
<b>Cash and cash equivalents at 31 December</b>	<u>505</u>	<u>877</u>