



Sif

Sif Holding NV Annual General Meeting of Shareholders 2020

Thursday, 14th May 2020

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Operator: Hello and welcome to Sif Holding NV Annual General Meeting of Shareholders 2020. My name is José and I will be your coordinator for today's event. Please note, this conference is being recorded and for the duration of the call, your lines will be on listen-only. However, you will have the opportunity to ask questions throughout the call. This can be done by pressing star one on your telephone keypad to register your question. If you require assistance at any point, please press star zero and you will be connected to an operator. I will now hand you over to your host, André Goedée, to begin today's conference. Thank you.

André Goedée: Alright, thank you José, good morning to everyone listening in on this call and welcome to this Annual General Meeting of Shareholders of Sif Holding NV. I am André Goedée and as the Chair of the Supervisory Board of Sif Holding NV, I will be chairing this meeting.

We are living in unprecedented times and I sincerely hope that you and all those who are dear to you are able to stay safe and well. We are holding this meeting largely virtual to protect your safety. Alongside myself, this meeting is physically attended by the CEO of Sif Holding NV, Fred van Beers; the CFO, Leon Verweij and the Secretary, Fons van Lith and the Member of the Board, Peter Gerretse. The Chair of the Works Council, Wouter Nadorp is listening in, in this call.

We are at the office of Sif Holding at Mijnheerkensweg in Roermond and the auditor, Mark-Jan Moolenaar of EY and vote collector, Jeti Tukker of Houthoff Lawyers dialled in on the conference call for this meeting and we will hear Mark-Jan Moolenaar later on, when we reach agenda item number three.

I shall be chairing this meeting in accordance with article 26 of the articles of association of Sif Holding NV and I hereby request Fons van Lith to act as the secretary of this meeting and take minutes of the proceedings and resolutions adopted at the meeting. You're okay, Fons?

Fons van Lith: Yeah.

André Goedée: For the purpose – purposes of an orderly meeting, I hereby advise you that the meeting was announced and those entitled to attend the meeting were called to the meeting by means of a publication posted on the Sif website on 1st April 2020. All those entitled to attend the meeting were invited and encouraged to vote by proxy, raise questions prior to the meeting and to follow the meeting via a webcast conference call. Bearing in mind the announcement on emergency legislation by the government, Sif has decided to limit the number of persons physically attending this meeting. Therefore, Caroline van den Bosch, Peter Visser and Peter Wit, members of the supervisory board, will take part in this meeting by telephone.

Peter Gerretse, who is present here physically, is the Chair of the remuneration committee of the supervisory board and will give an explanation of agenda item 3E, the remuneration report and agenda item seven, the remuneration policy. A total of 25,501,356 shares were outstanding on the date of the convocation of this meeting, the same number as it is today. All these shares are listed shares. No shareholders or their proxies have registered for this meeting, Stichting Rechtsbescherming Beleggers and VEB have indicated their interest in live participation in the meeting and have dialled in on the conference call and we will hear them, probably, later.

18,875,564 votes have been cast by proxy via the ABN AMRO securities portal, equivalent to 74.02% of the total outstanding share capital. We will state the number of votes cast on each item, together with the numbers of votes in favour or against and the number of abstentions. There will be an opportunity for questions and answers on each agenda item.

The operator will indicate who can address the meeting or ask a question. Once the question and answer session has been completed, I shall assess whether the agenda item has been adopted or not. For the record, I wish to emphasise that the meeting will vote and decide on all agenda items on the basis of the agenda item and the explanation of the item included in the notice convening the meeting, which has been posted on the company website. These documents are guiding for the content and the purport of the resolution put to the vote. As stated above, this meeting is being broadcast via audio webcast. A transcript of the meeting will be available on the company website within 72 hours after the close of this meeting. We will endeavour to publish the minutes of the meeting for the Sif website within four weeks of today. The decisions reached during the meeting will be communicated immediately after the close of the meeting and a press release and an announcement on the Sif Holding NV website.

We can now move on to item two on today's agenda, the announcements. Sif Holding NV published a trading update on the first quarter of 2020 this morning. You may have already seen this. The update has also been posted on the Sif website. The CEO, Fred van Beers and the CFO, Leon Verweij, will give a brief explanation on the Q1 update in their presentation, under item three of the agenda. The slides used by Fred van Beers and Leon Verweij will be posted on the Sif website shortly after the close of the meeting. We will now move on to item three of the agenda.

This is the annual report and financial statements 2019. 3A is the executive board presentation, 3B is the supervisory board report, 3C deals with the corporate governance report and 3D, the profit appropriation. Agenda item 3A to D inclusive will be dealt with jointly. The annual report 2019, of which the financial statements 2019 are part, was published on the Sif website on 13th March 2020 and made available for inspection at the office of Sif Holding, Roermond, on the same date. The CEO, Fred van Beers and CFO, Leon Verweij will take you through the highlights of 2019. The financial impact of these and the statement of profit and loss and the statement of financial position will be discussed later, when you are asked to adopt the financial statements 2019. Fred van Beers and Leon Verweij will also give an explanation of developments in the first month of 2020. There will then be time for questions. The report of the supervisory board, the corporate governance report and the appropriation of profit 2019 will be addressed, although those will not be voted on and I now hand over to Fred and Leon for the management presentations.

Fred?

Fred van Beers: Thank you André.

So, good morning, my name is Fred van Beers and once every year we host our shareholders for the Annual General Meeting. It is a moment to explain how we are doing and what can be expected, both short term and longer term. We always appreciate the discussions and the personal contact at these meetings and we sincerely hope that, next year, we are back to a kind of normal. Meanwhile, we will give our best effort to achieve an equal level of explanation, elaboration and discussions in this webcast presentation.

You will have an opportunity to raise questions after I've finished my presentation and I'd now like to turn to slide two.

In this presentation I will briefly touch upon the impact of COVID-19 on our business. Subsequently, I will talk about our strategy and our performance in 2019, to end with some remarks on the progress we made in the first quarter of this year. Our CFO, Leon Verweij, will join me in explaining how this all works out in our numbers.

Let me start with a brief explanation on the impact of COVID on our business and how we try to prevent distribution of the virus amongst our employees and business partners. Let's move on to three.

Most important is that our employees and business partners stay safe and healthy. So far, we have managed to safeguard this. The crisis team at Sif, under my chair, meets twice a week via a Teams call. In every call, we calibrate the measures we have taken and discuss the necessity of redirections. On the slide, you see some examples of our current measures. Until now, we have not experienced any delays in supplies, nor in deliveries and payments. We had to adjust our working processes, which caused some inefficiencies during the last weeks of the first quarter, as you may have seen in our release this morning. We also had a higher absenteeism due to leave of employees living abroad and to the higher illness leave. This relates to uncertainty with employees and precautionary measures by us, as management, at the outbreak of the crisis and the implementation of the lockdown in the Netherlands.

With these remarks in mind, I turn to the more regular business items, starting with our strategy on slide four. Becoming a total solution provider is our mid-term goal. This is based on building design engineering skills, expanding our involvement in secondary steel and offering marshalling services. We explained in our interim 2019 results webcast that DEME is our first client for these services. During the period October 2019 till June 2020, DEME uses our facilities for onshore preparation of their offshore installation activities. This involves Sif labour and logistics equipment and use of our land. Today, we have announced a second contract of this kind, even bigger, for the period 2021–2023. Siemens Gamesa will use our location as a marshalling hub for their Hollandse Kust Zuid contract. For 2019, this new business resulted in approximately €2.5 million in revenues and a healthy operating result of some 10%.

In 2019, we also completed our €6 million investment in two additional coating halls in time and budget. This addition to our coating capacity was necessary in the light of increasing coating requirements by our clients. Continuing increasing dimensions of the monopiles is a second reason. I will elaborate on this increase of dimensions a bit more on slide five. Let's move on to the next slide.

On this slide, we give an overview of foundation types used in the offshore wind industry over time. Monopiles still account for at least 80% of all foundations applied. Gravity-based foundations and jacket foundations are applied on rocky seabeds, where monopiles are no option, although the Saint Nazaire experience with drilling holes in rocky seabeds now put in practice by DEME is followed with high interest.

If we take a closer look at the monopile, then the development since the first application in 2002 is striking. The first monopiles Sif fabricated were for the Horns Rev project in 2002. The diameter was 4 metres and the length of the monopiles was 32 metres. They carried 2 megawatt turbines. At this moment, monopiles are designed to carry 12 megawatt turbines.

Their lengths are 90 metres, with almost 9 metre diameters. Recently, Sif manufactured its 2,000th monopile. Our market share is approximately 40% of an installed base of over 5,000 units.

Projects with monopiles up till 10 metre diameter are manufactured, as we speak, by us. Last year, the issue of design frontiers has clearly become more prominent. So, to what extent can we increase the size of turbines and foundations within economically viable boundaries? And how far can we minimise the amount of steel used by decreasing the wall thickness? All this in an attempt to minimise costs and to facilitate offshore handling of monopiles and transition pieces. Let me elaborate on all these questions on the next slide.

The offshore wind industry, by absence of standards, has applied the engineering assumptions of the more matured offshore oil and gas industry. With the increase of diameters and length, the industry has become more interested in savings on steel and implicitly, expenses. An option is the decrease of wall thickness. To a certain extent, that is possible without impacting working methods to mitigate the effects and risks of deformation.

The above picture illustrates what happens when decreasing wall thickness beyond certain limits without adjusting the manufacturing process. The tubular can lose its form and becomes an oval. Without adjustments in the production process like, for example, additional supports during section building and additional strengthening of the tag welding procedures, the impact on production time, flow and cost is major. We have already invested in diameter-over-wall-thickness-related adjustments and working processes in the last years but at a certain moment, the savings on steel will be outweighed by costs of additional handling and investments. So, let me give you our vision on the market and turn to slide seven.

As we explained on previous occasions, the increase in growth expectations of offshore wind is becoming more of a pattern. According to WindEurope, Europe added 3.6 gigawatts offshore capacity to the grid in 2019, or, in other terms, 502 turbines in ten wind farms. This brings the total installed capacity in Europe to 22 gigawatts, or just over 5,000 turbines across 12 countries. Over the past two decades, the European wind industry has matured. It's our belief that this will result in better project controls, better planning and less volatility in the supply chain in a maturing European market.

For the period until 2027, expectations remain strong, with an expected average annual grid connection of 4.9 gigawatts in Europe and – or 8.7 gigawatts globally. The main market remains Europe but 2019 has demonstrated that countries like Japan, Taiwan and the US are gradually maturing their plans, or converting ambitions into projects.

Please turn to slide eight now. As stated, Sif manufactured its 2,000 monopile. Total for Europe until 2019 was a little over 5,000; this gives Sif a market share of, I've said before, 40%. Other manufacturers include EEW and Steelwind from Germany, with market shares of close to 40% and close to 20% respectively. In addition, we see Bladt and Haizea as less structural suppliers, so they may take a bit of a share from year to year.

Let's turn to slide nine. On this picture you see some of our 2019 investments. They include two additional coating halls, under number one; 20 hectares of land lease under two and a test turbine for General Electric, which is number three. The last investment was done by Twin Park Sif BV, a 60% subsidiary of Sif Holding NV. This subsidiary is consolidated in Sif's numbers, I'll come back on later.

Let's move on, to turn to slide number ten. People make the difference, so also in Sif they make the difference, like in any other company. Let me elaborate on a few changes made in our organisation, before going into the 2019 business highlights. During 2019, the management team was strengthened by Frank Kevenaer as the new COO. Frank has, in the mean time, reorganised his organisation and took some tough decisions on the staffing of his operational team in order to get the right balance between technical, operational and people skills on critical positions in his team.

As people management and development of people skills are so critical, we are pleased that Jolanda Griffioen joined the management team as HR Director. She started in January with the task to help develop general HR support services and leadership skills in all layers of the organisation. Although people's health and safety is high on the agenda, the actual health and safety performance has been too low for too long. For this reason, we decided to invest in a dedicated HSE manager, reporting directly to me, to lead the team, separate from the Quality team. The new Quality team manager has been given the task to not only focus on the traditional rolling and welding processes but to also ensure a holistic approach on quality on all integrated processes and products in Sif.

Joost Heemskerck will be the Head of Sales from 1st June 2020 onwards, replacing Michel Kurstjens, who will fully focus, from that moment on, on market and product development, which is a function becoming more and more important, given the rapid scale of developments in the offshore wind market.

Finally, I would like to highlight the importance of a good cooperation with the works council. In 2019, a new team was elected under the chair of Wouter Nadorp. By putting the right balance between challenging the management and supporting decisions made by the management, I believe the works council of Sif does definitely prove its value for the company and we're pretty pleased with that.

Let's move on to the next slide. In 2019 we produced 185 kilotons, which is the equivalent of 190 monopiles and 130 transition pieces, against 138 kilotons in 2018. In the first three months, we mainly manufactured for Borssele 3+4, the project that slipped into 2019 following late steel availability and low waters in rivers, which slowed down the delivery of steel plates to Roermond and transportation of cans from Roermond to Rotterdam. This impacted also the activities for Q2 and to a lesser extent, Q3. Projects came under time pressure and we had to adjust production sequences to avoid liquidated damages on projects that shifted as a consequence of the Borssele 3+4 delay. Only in Q4 we regained better control and operational efficiency improved consequently. The start up of new projects and completion of ongoing projects have their own dynamic, also, in terms of profit and loss and cash flow. We will explain more on that later on.

In Q2, we started Seamade, Borssele 1+2 and Triton Knoll and the financial dynamics of this peak of start-up projects is reflected in the first half year results and cash flow.

Let's move on to slide 11. As far as new projects are concerned, we won Hollandse Kust Zuid 1-4, which is 140 monopiles, or the equivalent of 136 kilotons. Saint Nazaire was booked, 80 monopiles; Akita-Noshiro, 25-30 kilotons; Saint Nazaire was 77 kilotons and we had a Borssele 5 project, which consists of two innovative monopiles.

Based on the current sentiment in the global oil and gas market, we expect the production in 2020 to end in line with the current order book, which is 170 kilotons. For the period 2021 and later, we included an undisclosed project, only recently, where we are in exclusive negotiations with the client for a total of 130 kilotons and this would bring our order book for that period to 230 kilotons.

We move on to slide 12, which is my last slide. So, before I hand over to our CFO, Leon, for the financial implications, let me elaborate on the non-financial performance of the company, although I see it as an integrated accountability. We realised an improvement on our total CO₂ emissions. These emissions per kiloton decreased from 42.5 tons in 2018 to 23.7 tons in 2019. The 12 megawatt windmill in Sif's plant in Rotterdam started production in December 2019. This will contribute to a further decrease of Sif's CO₂ footprint in the future, or even make it negative, or positive, whatever you want to call it.

Consumption of natural gas decreases to 82.5% of last year's consumption. Less positive were our safety statistics, with a total recorded injury frequency of 19.1 and lost time injury frequency of 2.39, we were not only higher than in 2018 but we were also far off our own targets. As said before, we have taken measures for improvement and we are happy to see the statistics have improved since last quarter 2019.

So, let's please turn now to slide 13 and Leon, I hand over to you.

Leon Verweij: Thank you Fred. Let me kick off with some information on numbers of employees. The flexibility to adjust expenses to our workload is mainly in labour cost. This can be observed in 2018 numbers, when the amount of flexible workers was relatively low, with 41% compared to 51% in 2019. It also impacted the support staff factory floor comparison. The flexibility is mainly in the factory floor workers, with 77% in 2019 compared to 75% in 2018.

Turning to the next slide, I will explain how this worked out in our numbers. Discussing the business in 2019 and the results, we have seen a gradual recovery as the year progressed, especially during the final two or three months. Production planning normalised and project deliveries were within agreed timeframes. This, combined with certain projects reaching the loadout status and subsequent lowering of contingencies, resulted in an improved quarter, if compared with the first three quarters of the year. Production was at a similar level, with better production and cost control. Contribution per ton was high and came out at €548, compared to €538 in 2018. The net earnings were almost €8 million better than in 2018 but lower than we had expected at the start of 2019.

Given the CAPEX level of 2019, the investments foreseen for 2020 and the uncertainties the world is facing at the moment, the management decided it is diligent to decide to add the full net earnings to the reserves of the company, following a dividend payout in the loss-making 2018. This implies no net dividend for the 2019 book year.

And if we then turn to slide 15, we see the movement in contribution – EBITDA and contribution per ton. As from 2019, there are no more normalisations to EBITDA that relate to the IPO in 2016. The EBITDA effect of IFRS 16 is approximately €4.3 million. The contribution per ton has increased since the end of 2017. Based on our order book and the market funnel, we assume that contribution per ton for 2020 should return to the low 600s.

On the next slide, you see our situation as far as our financing is concerned. We have renewed our banking arrangements early 2019, with a new expiry date: 31st March 2022. With a €250 million guaranteed facility and a €100 million revolving credit facility, we are well set for the current and future financial and market environment. A look at our working capital requirement and net debt situation hereafter will demonstrate this. The graph explains how comfortable we are on covenants and if you studied our Q1 release of this morning, this feeling will be even stronger, given the net cash position of the company.

We did not succeed, in 2019, in realising the incentive on footprint targets but we are determined to succeed in 2020.

On the next slide, you see the development of working capital requirement and net debt over time. As said in earlier presentations, this is a snapshot situation, rather than an indication of structural working capital requirements. It also indicates that Sif has conservative financing and with a good year, combining with modest CAPEX only, can become a net debt-free company.

In 2019, we completed €6 million additional investments in coating facilities and approximately €9 million in production layout adjustments. €6 million relates to the investment in the consolidated subsidiary for the windmill at Maasvlakte, with a 12 megawatt Haliade.

Special attention is required for the additional land lease we did in Rotterdam. We had already leased 42 hectares and have added 20 hectares in 2019. Sometimes new accounting rules give us a better insight but we very much doubt if this is the case with the IFRS 16 adjustments and the impact of the presentation of effects of our land lease more in particular. We therefore have included a bridge in our annual report indicating the difference in reporting. In this graph on net debt, we have presented net debt on a pre-IFRS 16 basis. On the IFRS 16, the net debt amounts to €80 million.

Please turn to the next slide. Let us take a look at the update on Q1 we released this morning. With less production compared to the first quarter in 2019, we realised higher contribution. The relatively low production relates to the start-up of some new projects, Saint Nazaire and Akita-Noshiro more in particular. Productivity and results were impacted with this but also with higher absenteeism due to illness and uncertainty in March 2020. Nevertheless, contribution margins, with €594 per ton, were already close to the low 600s we guided for the full year 2020.

First quarter results and general market situation in oil and gas indicates an estimated total production of 170 kilotons for the full year. With contribution at low 600s per ton, EBITDA is expected to arrive at the same level as in 2019. Other ratios demonstrate the healthy cash position we are in. This is also reflected in covenant ratios of zero leverage and 44% solvency.

Please turn to the next slide. The order book for 2020 stood at 170 kilotons at the end of 2019. This implies that we have 135 kilotons in our books for the second, third and fourth quarter of this year. The 100 kilotons we have in our order book for 2021 and beyond is increased by the newly-won contracts and exclusive positions for the period 2021 and 2022. It now totals 230 kilotons. The market for the period 2021–2027 looks promising according to the industry analysis.

And with that, I close this presentation and now hand over to the Chairman to open the microphone for any questions.

André Goedée: Thank you very much Fred and Leon. Before I turn to an inventory of the questions you may have, we have received 14 questions from the Association of Shareholders, the VEB and I would like to handle these 14 questions prior to continuing with possible other questions and you may find that, if we read the question in English and we provide you an answer, that your question may have already been answered.

And I would like to hand over to Fred van Beers for question number one up to question number 12 and you will do that, Fred, together with Leon, I take it.

Fred van Beers: Thank you André. The last was important: that I do it together with Leon, indeed. So, let me start with question one and I will translate the Dutch question into English: 'Does Sif expect negative impacts – consequences of the COVID-19 problem with respect to running and maybe delaying future windmill – offshore windmill park developments?'

Well, it would be without saying that COVID-19 has had a huge impact on the world economy. We follow this, of course, very closely and especially in our own sector, in our own market. Up till now, we see that, both on the supply side and on the delivery side, there are no indications of structural problems or delays. Of course, we have seen the Hollandse Kust Noord stepping – Vattenfall stepping out of the Hollandse Kust Noord tender but for the running projects, we don't see any consequences yet.

For us, the COVID issue had an impact, of course, on our own personnel. We elaborated on that, already, a little bit and that's what you also see back in our Q1 update. For now – and that mainly had to do with us being very cautious on people that we suspected could have COVID, we sent them home from our site and that sort of examples were leading to this efficiency effect.

How the future will develop is, in our view, not to be foreseen but we keep a close watch on it.

The second question relates to Japan: 'Sif has opened a small sales office in Tokyo and we have signed our first deal, Akita-Noshiro; does Sif see mid-to-long-term possibilities to open a production location in Asia to serve the market from there?'

Well, the answer is as follows: we do see Asia developing. To be more explicit, Asia highly focuses on Taiwan and Japan. Taiwan is predominantly a jacket market; Japan is, indeed, now opening up. We do need a more structural and longer-term order pipeline to make a good assessment on yes or no, starting a production facility in Japan because transport from Europe will, in the long run, be too expensive and time consuming. But we follow the market. We are in constant dialogue locally but for now there are no concrete plans to do anything of that kind.

The third question relates to the US: 'Production of US offshore farms, like Vineyard, is very volatile on one side and on the other side we see a scale-up of projects, they're becoming increasingly bigger, so there is a need for more predictability. Does this development, which is very volatile on one side and the increasing size of projects on the other side create a different approach, when you look at these US projects, whereby you want – you have a profitable market one side and a very unsecure market on the other side?'

Well, the answer, hopefully understanding the question correctly, would be that it's still a young – a relatively young industry, offshore wind. The market in Europe is far ahead of other

developing areas, so we see a lot – more stability surfacing there, although with – always with the disclaimer of COVID-19 but so far, so good and that's where our focus is. I mean, Europe is still developing rapidly, there's still a lot more need for offshore wind, so for us Europe will remain a focus market.

The rest, we will follow. We look at them and for us, US is basically – US projects are valued the same way as European projects but we focus on those projects that fit us best.

Going to question four, that relates to incidents and sick leave, 'The numbers have remained high and they clearly are above our own targets. What measurements have Sif taken and will be taking to contribute to an improvement of these indicators?'

Well, I already touched a bit on it during my presentation but we clearly saw an improvement up till the COVID-19 outbreak with respect to sick leave. That temporarily went up for clear reasons but has come back down in the mean time. We are focusing, though, on further decrease by also asking for external assistance, which we have started up. We have invested in HSE not only in the team but also in more training, toolbox meetings, up front – onboarding training and focus on the leaders – the management on the floor – on the shop floor to pay better attention to that. And we see the pay off of that coming since the fourth quarter of last year and that continues this year.

And that, I think, is what I would like to answer on these questions and I'd like to hand over to Leon on number five.

Leon Verweij: No problem if you continue but –

Fred van Beers: I won't.

Leon Verweij: Okay, the next question we received is about the number of outstanding days of our receivables that has come down substantially in comparison to 2018 and the question is whether this is a maintainable level and whether we see any pressure on payment terms, maybe, as an example of the COVID-19 crisis?

First of all, I would like to say that the comparison to 2018 is a little bit a funny comparison because 2018 was, in that sense, of course, a very special year, when we only had one job to do, so the comparison there goes a little bit strange. Is the level maintainable and do we see any pressure? Yes, I think the level is maintainable but you have to keep in mind that arrangements and agreements are made on a project basis. So payment terms are depending on what we agreed upon in a contract and fortunately, as soon as we send out an invoice, then there's already a notice agreed by the customer that we can send that invoice and that they will pay. For the moment, we see no other talks, negotiations, etcetera than we have seen in the past.

The next question is that our prepayments received from our clients are at their lowest level in the past years and whether we expect that our clients, for a longer period of time, will be able or willing to pre-finance less. I think that our Q1 numbers already prove that we don't foresee that, the situation has completely turned around, of course and what you see in the annual report is just a moment in time, depending on where you are in a project.

Also, we have to keep in mind that all our projects are basically, on the client side, financed via project financing, so at the very moment that we sign a contract, usually, at the start, the money is already in place.

Then the next question is that we seem to be paying our suppliers faster than before, by the end of 2019 and whether we expect any – whether this pressure on working capital will –

Fred van Beers: Stay.

Leon Verweij: – stay, continue. Well, again, if we look at the first quarter, you will see the exact opposite. Again, the situation, by the end of 2019, is a snapshot. We see no – any negative developments as far as working capital requirements are concerned. At the moment, it's just business as usual, so we don't see any additional need for working capital at the moment.

Then the next question is whether it's possible that Sif has to choose between margin and cash in a project and specifically whether we would accept lower margins but earlier payments and shorter payment terms. Yes, of course, we always have clients that want to pay less and pay nothing; that's always part of a negotiation process; that's the same in any project that we have done. We always look, when accepting a project, to a couple of things: what is the margin, do we feel the margin is acceptable? What is the cash flow? We have a cash flow prognosis for every project and usually it's not a payoff between margin and payment terms because I want to reiterate that our projects are usually project financed, so the money is available, so it doesn't really happen that we have to make the choice. We have to make the choice whether we find the margin that we can achieve acceptable, yes or no.

Then the next question is – and I have the feeling, Fred, I have more questions than you have.

Fred van Beers: Yeah, you do.

Leon Verweij: Whether with – the statement is that with clients' milestones will be behind[?] during a project, after which they can be invoiced and the question is what development do we see as far as those milestones and invoicing is concerned on the – in 2019 and 2020 closed contracts with clients and whether those agreements differ from, for instance, the situation in 2017 and 2018.

Well, I can say there that we don't see any difference there as to the past. In that sense it's also business as usual. The milestones defined are usually very logical milestones, which have to do with steel supplies coming in, monopiles being ready, etcetera, etcetera. So their development is the same as we've seen in the past.

Then the next question is what our experience is with variation orders and disputes with our clients, what our track record is as to the – really being able to invoice and collect any account claims. Well, there I can say that – I can give an easy answer, that our experience as far as the accounted claims is 100%, since we only account for claims, yeah, if we are sure that we will get it. So our normal practice is that we take all the costs and if there is any claim or variation, yeah, which could benefit for us, we will only account for that when there is an agreement with our customer that we will get it. So, in that sense, the figures we present are always maybe a little bit conservative but that's the way we have been doing that consistently.

Do we have negative experiences? Well, the negative experience might be that you always ask for 120% and you only get 80% but not really negative experiences.

Then the next question is we have increased our guarantee facility; why was that necessary and whether there is a direct relation with the contracts in the US and Japan. Well, on the latter, there is no direct relation with contracts in the US and Japan. Why did we increase the

guarantee facility? First of all, we have, of course, running guarantees and also warranty bonds. They run for a number of years, so you stack them up before they expire and we looked at the market development for the coming years and we made an estimate as far as pre-payment bonds – warranty bonds, etcetera, what the necessity would be to be able to continue working in a business as we have been doing in the past few years. That was the reason why we increased that guarantee facility.

And then the last question for me on this page, I think, is that, at the same time, the number of bank guarantees per – at the end of 2019 that were actually delivered to clients have hardly gone up, all despite the higher activity level. The question is whether clients asked for less guarantees or whether this is just a snapshot. Well, I can confirm this is just a snapshot. Normal practice is that we will have to issue a pre-payment bond if there is a pre-payment in play. We have to issue a performance bond and at the end of the job we have to issue a warranty bond, which will then last for a couple of years, so no change in policy there.

Then I give back to André, I guess.

André Goedée: Alright Leon, Fred, thank you very much. There are a number of questions with regard to the discussion of the supervisory board report. I would like to deal with those questions first and then ask the operator whether there are any other questions and I will turn the next question to Peter Wit, as it deals with a question in regard to the internal audit. Peter?

Peter Wit: Thank you André. The question here is what alternative measures Sif has taken to remedy the fact that it doesn't have an internal audit function.

On that internal audit function first, given the size of the company, we have considered it not opportune at this stage in terms of cost and benefit to appoint a separate internal auditor and to have a separate internal audit department. This is being remedied by asking specific outside parties, such as accounting firms, obviously our auditor, Ernst & Young but also on occasion other firms, to do specific audit operations and external control activities on the activities we do in house.

André Goedée: Alright Peter. Thank you very much. The last question, on agenda item 3B, relates to the remark of the supervisory board in the annual report about the performance of Sif in 2019. We have expressed our concern in respect to the quality and incident rate of the company. We have said something about internal factors and external factors. We have said that we were dissatisfied with the overall performance of the company in 2019 and the question is whether, other than what is mentioned in the annual report, we have any specific qualification with regard to dissatisfaction on both the internal and the external issues.

Well, you will have to realise that after the start of the factory in Rotterdam, the process of Sif overall has become an industrial process, whereby the factory in Roermond has changed from a standalone facility to a provider of components for the factory in Rotterdam. You have to realise that each monopile is unique; each segment product in Roermond is unique. The sequence in which these segments are manufactured in Roermond is unique and the transportation of these segments to Rotterdam and the sequence in which they are provided to Rotterdam is unique as well. It will allow Rotterdam, if they are provided in the right sequence, to have a continuous process of making sure that the monopile is provided, or is manufactured, in the fastest possible way. Each small issue on quality in Roermond that needs to be corrected

in Rotterdam disturbs the continuity of the process and a small issue may become a bigger issue if the chain of events in the process between Roermond and Rotterdam is disturbed.

Looking at the results of 2019, we have had many discussions with the executive management on specifically these issues in order to improve and to make sure that, ultimately, the whole process is without mistakes and can be performed as efficient as possible. And the process of improvement is continuous, is going on as we speak and we see, definitely, improvements in that process. And ultimately, if that process is, in fact, going without the small issues in Roermond and ends up in the most efficient way of production, we can adapt, to the best possible way, to the continuous changing mix of projects from year to year.

In 2019, the one external factor that has played an issue here is, of course, the Borssele 3+4 project that was contracted in 2018. The project itself, entered in 2019, took much longer than we had initially considered. As the margin was lower in order to create continuity in 2018, it has affected the numbers in 2019. So, those factors, internal and external were basically the issues that we pointed out in the annual report as well.

After these 14 questions I would like, Operator, to take inventory whether there are any more questions on, particularly, those subjects.

Operator: Thank you. If you would like to ask a question, or make a contribution, on today's call, please press star one on your telephone keypad. To withdraw your question, please press star two. You will be advised when to ask your question.

We have no questions coming through at the moment. Sorry, we have a question from Hugo Roelink from VEB. Please go ahead, please.

Hugo Roelink (VEB): I wanted to note that we don't have any further questions on this first line of questions, so thank you very much for answering.

André Goedée: You're welcome.

Fred van Beers: You're welcome.

André Goedée: We may have some additional questions from Mr Stevense. And Leon, can I ask you to –

Fred van Beers: Start, I will help again.

Leon Verweij: Okay, we will – I will make a start and then I guess I'll reiterate with Fred –

Fred van Beers: Yeah.

Leon Verweij: – according to the number of questions.

The first question we had was that – whether we are still guiding that the EBITDA in 2020 would be higher than 2019. I think that already in the press release of this morning we made clear that, due to the situation that we experienced in the first three months, we now expect an EBITDA which is comparable to the level of 2019.

The second question is somewhat longer but basically the question is that we're living in an uncertain time and the question is whether we did any stress test on the development of our debt, our liquidity, cash flow, etcetera, given obligations to pay interest, redemptions and whether, in a worst-case scenario, the continuity of the company is safeguarded. And more specifically, it's the question whether, in the worst-case scenario, Sif will be compliant with

banking covenants, in which scenario there would be a serious liquidity shortage and how vulnerable we are for a heavy recession, or depression?

Well, let me start by saying that, yes, of course, we did some – we did stress testing. We did that on the basis of several scenarios but nobody can look into the future and be sure what the future brings, so you have to make assumptions. And basically, the scenarios we investigated were what would happen if we would be placed in a situation by our government where we had to close down the factory for a certain period of time? What would happen if that situation would arise with certain of our suppliers? What would happen in a situation like that if clients would cancel, or stop, existing jobs? And we even assumed that, in those scenarios, we had a yes or no use of force majeure situation, which is included in our contracts.

Will Sif in the worst-case scenario – because the worst-case scenario is, of course, that all your orders are cancelled, you have to close your factory mandatorily and you get nothing supplied, then I think the answer is there is no continuity. I think that guarantee nobody can give. Do we have – and I think that's the real issue behind this question: do we see, in the foreseeable future, any liquidity issue? My answer is no. One of the reasons behind that is please keep in mind – and that also goes to some of the other questions – that we renewed our financing arrangements in the beginning of 2019, that those are committed financing arrangements, so they can't be cancelled from one day or another. We still think that we are able to stay in a positive liquidity situation for quite some time and with the financing we have in place and which we can count on, we see no reason to expect that there will be a serious liquidity shortage for whatever situation coming towards us.

The next question was whether we had any talks with the banks about banking facilities for the financing of new projects that, in 2022, or afterwards, begin. No, we didn't. Of course I had talks with the banks but we put the new financing arrangement in place because we feel that, with the €100 million credit line we've arranged there, yeah, we do have sufficient financing in place to be able to finance those projects if and when required.

And second to that, we have two options to even extend the term of this financing for another two years beyond the current expiry date.

Leon Verweij: Then, yeah, it gives me the time to drink something. So if you take the next question, Fred?

Fred van Beers: Yeah, you've had your fair share already. So, let me take over question number four. That concerns 2018: 'You had to build Borssele 3+4, which required a price reduction.' Do we expect – do we, as Sif, then expect impacts on the results of 2020 because of that project?

The answer is no. The project has been delivered in 2019 and the – although the delays in end of 2018 had an impact in 2019; they will not have an impact on 2020.

Question number five concerns Vineyard Wind. As is well known, Vineyard Wind was taken out of our order book due to the fact that the owners of – or the developer of Vineyard Wind did not get an environmental impact permit, so we took it out but, on the other hand, we, as Sif, also say that it still is alive for the future. So the question is: 'Can you tell us whether you're still in talks with the developer? and do you follow the developments at a distance?'

We do both. So we follow the developments and are in regular contact with the Vineyard Wind team in Boston.

'Are there signs that the project on short notice again offers – or will offer – opportunities of being pushed – or pulled forward because of the rapidly increasing unemployment rate in the US?' And we still see – we, as Sif, still consider Vineyard a future opportunity.

Well, we have not been given any signs that the corona effect on the local US economy has an impact on speeding up the Vineyard Wind offshore wind programme. They're still waiting for the permit and that programme remains unchanged.

Question – next question: we – it relates a little bit to the question we had already with respect to accidents and incidents, so I'll keep it relatively short. The question is: 'You have a new manager who made excessive – or extensive analysis, has organised all kinds of actions and rolled out trainings and meetings. Can you also give us a clear number on where we stand today with respect to incidents and accidents?'

Well, as this morning also published in our trading update, we are on the right track with respect to the incidents and we're not hiding anything here. The year-to-date fact is that we have had one minor LTI, so lost time injury, one medical treatment incident and six – what is it – first aid incidents. And with that, we are far below 2018 levels, so let alone 2019 levels and with this trend, we should do way better, year-end 2020, compared to 2019.

Is there any impact of corona on this? In principle, not. There is no impact. Having said that, we are taking extra measures on corona in the factory, meaning that certain processes are even slowed down a little bit more and every workstation, in the meantime, executes a last-minute risk assessment, which also includes corona but no corona impacts on the number.

Fred van Beers: At the other one, we do have a corona impact, as said before already; it has had an impact on the illness rate, that's for sure.

What precautions have been taken on corona? We explained a bit on that already in the presentation, I think, quite a bit, so I would leave it – like to leave it there.

Then the last question on this topic: 'What are the analyses of the HSE manager? Are there still virtual meetings, for example, in these times and are there trainings?' Yes, there is a three-year structural improvement plan agreed with the management team, whereby we aim for a level four to five on the safety culture ladder, that is the standard safety culture ladder that everybody in the industry uses.

The baseline is a continuous training toolbox meeting, safety audit, safety tours and last-minute risk assessment programme, besides safety updates and publication of structural safety and structural programmes for new employees and visitors, so there's an excessive programme in play with a long-term high ambition.

Number seven, the question – that question relates to suppliers: 'Can you tell us something about how it goes with supplies?' Already touched on but it's, in that respect, business as usual. On a frequent basis, I personally am in direct contact with our steel and steel flange suppliers to inform each other about trends and corona-related specific challenges but so far everything is okay and undisrupted.

Are there delays with respect to deliveries? The answer is no. How is the contact? I said it already; it's excellent and on a very frequent basis, again, we touch bases. Are there disruptions in the fabrication process?

Well, with reference to the trading update published this morning, there have been limited disruptions by the – during the end of Q1 and we have seen that continuing in the beginning of Q2 due to the corona impact. We had to take measures to keep people apart. People are dealing with a certain level of fear and home situations do force them to stay home, so that means that, with the already-mentioned higher sick leave, we had to hire in extra people and had to reorganise our processes here and there.

The first half of 2020 is a transition period for the completion of the over-stressed order book 2019, via a relative slow period now, due to the Vineyard Wind topic into a full factory load during the second half of Q2 and the second half of this year, with Akita-Noshiro, Saint Nazaire and Hollandse Kust Zuid 1–4 in full production.

'Are the deliveries within the agreed terms with the customer?' The answer is no customer suffered from a delay in their installation campaign due to Sif's deliveries, so that's all fine.

'Do you suffer from low levels – low water levels in the rivers at the moment?' Nothing there, as the water levels are good. Water management policies have changed in Germany and the Netherlands from a progressive water discharge policy to a more conservative keep the water in policy, in the country I mean, to reduce the risk of a similar situation as we face by the end of 2018.

And that brings me to question eight, then. Unfortunately, Leon, I give that one to you, again.

Leon Verweij: Well the – question eight is a question about the dividend. Stating we are not paying out any dividend this year and the question is whether we have thought about paying out a stock dividend out of our agio (share premium) reserves. Well, the answer there is that we didn't think about doing so because it would only be sort of a redistribution of our equity and just increase the number of outstanding shares without, to my opinion, that bringing too much of a benefit to our shareholders.

And then the last question there – it's – that's for later.

André Goedée: I think we're – we have dealt with all the questions that we received on the executive board presentation, the supervisory board report, the corporate governance report and the profit appropriation and you can find these issues – the report of the supervisory board, corporate governance report, appropriation of profit, these are enclosed in the annual report on the pages 36–37, 28–34 and page 34, the appropriation of profit and the contents includes a list of the points of the corporate governance code from which Sif diverges. We have dealt with the questions on these topics but Operator, let me ask you to take inventory or if there are any more questions on the aforementioned agenda items and if not, then we can move on to item 3E. Operator?

Operator: We have no further questions.

André Goedée: Alright, thank you very much. We can now move on to item 3E of the agenda, the remuneration report. This is a decision-making item and you are requested to cast an advisory vote. The remuneration report 2019 is included in the annual report 2019. The remuneration report was also the subject of the auditor's report and was also published on

13th March 2020 and I'm very pleased to give the floor to the chair of the remuneration committee of the supervisory board, Mr Peter Gerretse, who luckily is here, physically present and he would like to give a brief explanation of the report.

Peter Gerretse: Okay, thank you André and good morning everybody. Sorry.

The remuneration report explains, among others, how the remuneration complies with our policy, how it contributes to the long-term performance of the company and how financial and non-financial criteria were applied. And as said before, the remuneration report is included in the annual report, as in previous years.

We have received some questions from parties, including Eumedion and VEB prior to this meeting and based on that, we consider presenting some information differently as of next year and this more specifically applies to the summary of the executive board remuneration, as presented on page 38 of the annual report.

This summary reconciles with the recognition in the statement of profit and loss. This implies that adjustment to previous years may be recognised in the year under review. This summary includes the provisional bonus for 2018, which is paid in 2019. If you look at slide 26, we will show the bonus for the consecutive years and the bonus for 2019 for CEO is – over the year 2019 is €79,917, or 21.2% of the basic salary. And for the CFO, approximately €78,000, or 27.6% of basic salary. And maybe it's good to remind you that the on-target bonus for the CEO is 40% of the basic salary and 30% – 35% for the CFO. All this, of course, subject to approval of the annual report by the shareholders.

André Goedée: Okay Peter. Before I go back to the Operator to take inventory of other questions, we have received two questions on this particular item, the remuneration report from the Dutch Association of Shareholders. Peter, would you like to read the questions in English and provide us with an answer?

Peter Gerretse: Okay, there are two questions. The first one is: 'The short-term incentive of 2019 for the executive board was dependent on financial and personal targets; what is the individual score for each of the quantitative and personal targets?'

And our answer is this: that we are not going to disclose this information at this moment. And that is because, in a very small market, with only 3–4 competitors, in which Sif is the only listed company, it is difficult to communicate about individual targets without giving away too much commercial and strategic information.

The second question: 'In your remuneration report it's mentioned that the supervisory board has used its discretionary power to adjust the short-term incentives downwards. Please give some explanation.'

And our answer is that my remark is in the remuneration report, that concerns the bonus over the year 2018, so not the bonus for 2019. And taking into account the disappointing results of 2018, the supervisory board has indeed adjusted the short-term incentive over 2018 downwards.

André Goedée: Alright, Peter, thank you very much. Operator, with these two questions answered, we are now ready to listen whether there are any additional answers – or questions on the remuneration report, item 3E on the agenda.

Operator: Thank you very much. As a quick reminder, if you would like to ask a question, please press star one.

Operator: We have no questions coming through.

André Goedée: Alright, thank you very much. No other questions or comments. I can inform you of the voting results for the resolution on the remuneration report. The number of votes in favour, cast via the portal, are 16,024,012, which represents 84.9% of the votes. The number of votes against cast via the portal at 2,821,910, which represents 14.9%. The number of abstentions cast via the portal are 29,642, which represents 0.2%. There are no votes in favour cast at this meeting, no votes against cast in this meeting and no abstentions cast in this meeting. The total number of votes, may I remind you, are 18,875,564, a total of 100% of the votes. And with those numbers, I conclude that this resolution is adopted. The voting results will be reported in the minutes of the meeting and the remuneration report will be published on the Sif website as a separate document after close of this meeting.

We will now move on to the agenda item 3F, the discussion on the financial statement 2019. And the financial statements are part of the annual report 2019. This was published on 13th March 2020, including an unqualified opinion issued by the company's auditor. The auditor is listening in by phone at the meeting and can answer any questions from shareholders when I give the floor to Mark-Jan Moolenaar, our external auditor. The CFO, Leon Verweij, prepared the financial statements. The auditor will begin by giving a short presentation on the financial audit of Sif and before I give the floor to the auditor I wish to state the following.

The company has relieved the auditor from his obligation of confidentiality during this meeting. In addition, the auditor is under the obligation to adjust materially inaccurate statements and communications relating to the financial statements or the independent auditor's report. The auditor will adjust any materially inaccurate statements during this meeting or before the minutes are published. The auditor will give a presentation of the audit process and the financial statement procedures and I'm now pleased to give the floor to Mark-Jan Moolenaar, the auditor of EY. Mark-Jan?

Mark-Jan Moolenaar: Thank you André for this introduction. Thank you all for listening in today. I am pleased to give you a brief presentation on our audit 2019 of Sif Holding NV. I've prepared a slide which will address a little bit on scope, on the strategy of our audit and the execution of our audit.

Let's start with scope. We have audited the statutory and the consolidated financial statements of Sif Holding NV and we have investigated whether the financials comply with the regulations and give a true and fair view, in line with IFRS and the Dutch law requirements. We also evaluated whether the content of the management report complies with the financial statements itself and whether the content is aligned with our knowledge of the organisation.

These are the legal requirements that we need to comply with for the audit of Sif Holding NV. In addition, we have also been involved in the press releases, as well, for the financial - the press release also for the annual financial statements 2019.

If we go to strategy, as the external auditor of Sif Holding NV, I'm ultimately responsible for the audit. In order to take that responsibility, I have compiled a team of experienced and capable experts, which includes, beside auditors, also other experts from EY. Those experts

that we use in the audit are in the area of the IT environment, as well as on taxes and especially on corporate income taxes in this case.

In addition, for certain specific topics in the audit, I have also involved other experts from within EY, for instance if you talk about the IBR, so the internal borrowing rate, which we use when we audit the valuation of the leasing.

Materiality: materiality is always – it's also some – includes some activity but materiality is the term that we use as the limit above which we request – which we demand management to adjust their financial statements in case that there are errors in excess of that amount and so it is the amount that we consider acceptable.

When – we used the earnings-based materiality concept and for 2019 we used contribution margin. And when addressing, later on, some of the questions, I will come back on that a little bit further.

That materiality amount that we use in the audit, of course, is not used in all – in all disclosures. For certain disclosures, especially on the management remuneration, we use way lower materiality acceptable amounts and minor deviations do we feel that are acceptable there.

The materiality that we have used in the audit of the consolidated financial statements for Sif Holding NV is €1.8 million. A deviation above this amount could change your vision on the financial statements while reading them. Any deviations above this amount would have been adjusted in the financial statements, otherwise we would have not issued an unqualified audit opinion.

In addition, we also compiled a list of smaller deviations and all deviations in excess of €90,000 have been discussed with the supervisory board.

If we go to execution, on execution we used the materiality concept that we just briefly discussed, in addition to the – our risk assessment of the organisation and we tailored our audit procedures to that.

Our audit approach is top-down and risk-based, which will mean that we focus on the final product of the audit, so the audit opinion to the financial statements and we direct – you know, we direct our audit procedures to those areas where we expect that the largest risk from material deviations may occurs.

This policy is also in line with the Dutch standards for audit assignments.

During the year, we have also discussed our risk assessment with the audit committee and included that in our audit plan. This has also been discussed with the audit committee supervisory board and they agreed to our audit plan. In this audit plan, we have the – we have reported the audit risk that we identify and the – and the detailed audit procedures that we will perform in order to mitigate the risk.

On the right side of this slide, so then we come – we arrive at the key audit matters, we have listed the main areas where we focus our audit procedures on. It's probably good to shed a little bit further light on those two.

The first one is valuation of contract assets and liabilities, which includes also revenue recognition. It's a similar key audit matter as in prior year. This relates to the valuation of the projects, which is based on the – for which the progress is based on the hours incurred in

relation to the total hours estimate of the project. It includes also some significant estimates around those production hours, cost estimates, as well as also claims and contingencies. The related balance sheet positions are €30 million debt and €70 million credit, whereas the total revenue amounts to €325 million and already mentioned by management, the largest projects during 2019 were Seamade, Borssele, as well as Triton Knoll.

If you go to implementation of IFRS 16, so this is a new key audit matter in 2019. We identified it as a key audit matter as it was a significant change in the regulations which had quite an impact on Sif. It's quite a complex accounting area and Sif has also some large, longstanding contracts in that regard. So the impact of the implementation, 1st January 2019 resulted in a €38 million contract asset and lease liability, which was added by €24 million as a result of the investments in – or the new contract concluded in 2019 and also then – as already mentioned by Leon.

The impact of this implementation of this new standard was €0.7 million compared to the old standard.

We determined, based upon the audit evidence that we received, whether those estimates and assumptions of management are reasonable. That's all in the context of IFRS, as adopted by the EU. As the – as we concluded that the financial statements comply with IFRS, as adopted by the EU, we are – yeah, we are not in a position to conclude whether those estimates are conservative or aggressive. What we can confirm to you all is that the estimates of management, based on the information that was available to us, are in line with what's in – what we consider reasonable in the business that Sif operates in.

Based upon our audit, we have been able to issue, now, an unqualified audit opinion, which is also included in the financial statements and we can confirm that we have sufficient audit evidence in our files which support our audit opinion and our audit opinion is in line with IFRS, as adopted by the EU, as well as on the Dutch law requirements.

This concludes, I think, my presentation.

André Goedée: Okay, Mark-Jan, thank you very much. We have received, as you know, six questions from the Dutch Association of Shareholders that relate very much to what you have just said in your presentation but I would like you to read these questions in English for our audience and provide an answer if it is any more exhaustive than what you have already mentioned in your presentation. Can you do that?

Mark-Jan Moolenaar: Yes, I will do that. I will try to keep it brief. The first question that really was addressed to us relates to the fact that we changed the materiality metrics that we used from profit before tax in prior year to contribution. In 2018, we used, indeed, profit before tax but keep in mind that we used the four-years average because 2018 was a loss-making year. For 2019, we have – we've chosen to apply the materiality solely on the basis of performance for Sif over 2019, whereby we considered the contribution as a KPI, key performance indicator, for the entity, which also is reflected in the financial statements. And I think, if you can recollect, also in the presentation of management before contribution was a fairly recognised metric there.

The amount that we use is based upon the general accepted assumptions that, in case – that if there would be an error in the financial statements in excess of this amount, that could, or might, change your opinion after reading the financial statements.

Question two relates to whether the fact that we applied a higher materiality level has had any impact on the design or the planning of our audit, as well as the execution of specific audit procedures. First, to reflect a little bit on 2018, I would like to remark that the materiality last year was relatively low compared, also, to the prior years, so 2017 and before, which resulted also to the loss-making situation in 2018. As a result of that it could be and it is logic that the materiality that we apply increases at the moment that the operational activities and results of the entity improve. The audit plan and our procedure has not changed as the impact of the increase in materiality is relatively limited and we've applied pretty much the same audit plan that we had for 2018.

Question three relates to performance materiality and whether we've used that in our audit and in case, how high that materiality was. What we do in our audit – so in our audit, we also gather – and as already mentioned before, we also list errors, or – errors towards the supervisory board which are way lower than the €1.8 million of planning materiality that we use. As already mentioned, so, we list all amounts in excess of €90,000 with the supervisory board and also with management.

While performing our audit procedures, of course, we apply thresholds and based upon the risk assessments of the specific accounts and assertions, we apply lower thresholds while executing our audit so that the details of our procedures that we perform are even lower than the €1.8 million that was mentioned as our materiality.

Question four relates a little bit to unpredictability and the way that we apply that in our audit. Yeah, unpredictability is always a main concern or a main topic in our – in the determination of our detailed test procedures and the quality of our audit procedures as a total. And so the detailed test procedures are based upon selection, so that we sometimes make before we enter Sif locations and sometimes when we are on Sif locations. As we determine those selections, Sif is not aware of the specific elements and in that case we can also guarantee that we have unpredictability in our audit procedures.

Question five relates to the way that EY addressed management assumptions related to claims and contingencies in our audit procedures, where that has resulted in adjustments in the valuation on the balance sheet, as well as the audit approach compared to prior years. It's probably good to mention that our audit approach is not changed compared to prior year.

Also, for 2019, we have used a substantive audit approach, whereby we divide a lot of attention to the evaluation of the contractual arrangements with customers, testing of management estimates and the challenging of all the facts and circumstances which underlie the assumptions of management of Sif.

Part of the question related to – the question is whether the audit differences have resulted in adjustments. I would park that part of the question and probably good if the Chair, later on, can address that because that's part of the communication between us and the company.

Question six relates to the – is a question that we received which relates to the fact that Sif doesn't have a formal internal audit department, what our remarks were and whether we had

any recommendations towards the supervisory and management board on the way that Sif – the lack of the internal audit department is compensated.

My answer here would be that the question is related to the management and the content of the management, as well as our audit report, whereby we have included some remarks – some improvements, or recommendations, towards management and the supervisory board that those will be addressed to the supervisory board and the management board as such.

What I have done, as external audit, I have an unshared responsibility for the object of the audit and the conclusion thereon. As such, also in the case that if there would have been an internal audit department in place at Sif, I personally would have made sure that we have – would have done sufficient audit procedures in order to base my opinion on. Based on the – based upon the business activities and the projects of Sif, we always would have performed sufficient and detailed substantive test procedures in order to assess the estimates and assumptions of management.

And André, you mentioned six questions, I have a seventh here also.

André Goedée: Yeah, I do too.

Mark-Jan Moolenaar: Okay, great, then I will also address that one. The seventh question relates to – again also to the lack of the internal audit function, as such, within Sif and whether that had any impact on our audit procedures over 2019 and whether that could be quantified in time and in additional activities. I'm probably repeating myself a little bit because, also, as already mentioned, in all cases – so if Sif would have an internal audit or would not have had an internal audit department, we would, in all situations, perform detailed, substantive test procedures with regard to the estimates and assumptions of management, especially in light of the business activities and the projects of Sif, so that would not have that much impact.

André Goedée: Alright Mark-Jan, thank you very much. Operator, could we check if there are any other questions from our audience on the financial statements and the auditor report, other than the questions we have just answered?

Operator: Thank you. As a quick reminder, if you would like to ask a question, press star one. We have, currently, no questions coming through.

André Goedée: Alright, thank you very much, Operator. The financial statements 2019 are included in the annual report 2019, as published on the Sif website and pursuant to article 30.5 of the company's articles of association, the general meeting of shareholders is now requested to adopt the financial statements and I can inform you of the voting results on the resolution on the adoption of the financial statements 2019.

The number of votes in favour cast via the portal are 18,874,437, which represents 99.98% of the votes. The number of votes against cast via the portal are 451, which represent 0.01%. The number of abstentions cast via the portal are 676 and that also represents 0.01%. There are no votes in favour cast at this meeting, no votes against cast at this meeting, no abstentions cast at this meeting as well and with that being 100% of the votes, I conclude that the resolution is adopted.

We now move to agenda item four, the discharge of the executive board and the supervisory board and the discharge of the members of the executive board on this item relates to the resolution pursuant to article 25.1 of the company's articles of association to discharge the

members of the executive board for the liability for their management in the year 2019. This discharge from liability relates to the management conducted for, as far as known, from the annual report 2019 and other information made available to the general meeting of shareholders.

Operator, could you see whether there are any questions with regard to the discharge of the members of the executive board?

Operator: We have no questions coming through.

André Goedée: Alright, then I can inform the audience of the voting results of the resolution to discharge the members of the executive board of Sif from liability for their management in the 2019 financial year. The number of votes in favour cast via the portal are 18,873,447, which represents 99.99% of the votes and the number of votes against cast via the portal are 2,117, which represents 0.01%.

Are we still there?

Operator: Yes, you may continue.

André Goedée: Can we continue, Operator?

Fred van Beers: Yeah, he said please continue.

Operator: Yes, please continue.

André Goedée: The number of abstentions – thank you very much – the number of abstentions cast via the portal are zero. The number of votes – and there are no votes favour – in favour cast at this meeting, no votes against cast at this meeting and there are no abstentions cast at this meeting. Totalling 100%, the resolution is herewith adopted and we move to agenda item 4B, which is the discharge of the supervisory board.

This agenda item relates to the resolution pursuant to article 25.1 of the company's articles of association, to discharge the members of the supervisory board from liability for their supervision in the 2019 financial year. This discharge from liability relates to the supervision conducted for as far as known from the annual report 2019 and other information made available to the general meeting of shareholders.

Operator, can I ask you to see if there are any questions on the discharge of the members of the supervisory board?

Operator: Thank you. We have no questions coming through.

André Goedée: Thank you. I can inform you of the voting results on the resolution to discharge the members of the supervisory board of Sif from liability for their supervision in the 2019 financial year. The number of votes in favour cast via the portal at 18,873,447, which is 99.99% of the votes. The number of votes against cast via the portal are 2,117, which represents 0.01%. There are no abstentions cast via the portal, there are no votes in favour cast at this meeting and no votes against cast at this meeting. Together – and there's no abstentions as well – and together, that represents 100% of the votes and I conclude that the resolution is herewith adopted.

We move on to agenda item five, which concerns an appointment of a member of the supervisory board, the next business is the appointment of a member of the supervisory board

and in accordance with the rotation schedule, Peter Gerretse will step down on the close of this meeting. Peter Gerretse was born in 1955 and has Dutch nationality. He was appointed member of the supervisory board of Sif in 2016 and his first four-year term of office ends today. Peter Gerretse has stated that he wishes to be considered for reappointment. Peter Gerretse has relative and relevant expertise and experience in international business-to-business, project management, industrial production and production automation. Peter Gerretse was appointed member of the supervisory board of Vanderlande Industries BV in 2017. He was formerly a member of the supervisory board of Aeronamic Holding from 2010–2017. Peter Gerretse worked at Vanderlande Industries from 1995–2013, most recently as President and CEO. Peter Gerretse held various positions at Fokker Aircraft before Vanderlande Industries and Peter Gerretse studied aerospace engineering at Delft University of Technology. Peter Gerretse does not hold any shares in Sif Holding NV and he received an annual fixed remuneration of €45,000, exclusive of travel and accommodation expenses.

The Sif works council and the general meeting of shareholders are not exercising their right of recommendation for the vacancy that arises on Peter Gerretse's stepping down. The supervisory board nominates Peter Gerretse for reappointment to the supervisory board of Sif Holding NV. I establish that no declarations of objection against the candidature of Peter Gerretse have been issued and I have to add that the supervisory board is very pleased with the very professional and experience contribution of Peter in the past four years.

Peter, before I turn to other questions, we have received one question that specifically asks you to tell us why you would like to be reappointed and what your experience in the past four years with Sif has been that provides you the additional motivation to continue.

Peter Gerretse: Okay. Mainly, when I was asked to join the supervisory board of Sif in the autumn of 2015, I started with visiting the facility in Roermond and having several discussions within the company and I was really impressed, not only by the huge products but especially by the specialist knowledge and the long-term experience of this company but also by the hands-on, results-oriented, family type of culture and the fact that the company is operating in a developing field of offshore wind was an additional motivation. But you only want to join a supervisory board if you have something to add, if you have an experience which is helpful in controlling or assisting the company and I thought and I still think that I have experience which can be of value to Sif and I see a great future for Sif in her markets. We all know that we have had our challenges the last few years, due to external and internal reasons but I honestly believe that, with the current management, we are on the right track with the company and that we are still in an attractive market, although we cannot completely foresee the medium-term effects of the corona crisis; nobody can. But for the long term, I have a lot of confidence in this market and especially of Sif's position in this market. And based on that, I would be very happy to continue as a member of the supervisory board for the coming years.

André Goedée: Thank you very much Peter. Operator, I would like to hear if there are any specific questions on the appointment, or the reappointment, of Peter Gerretse.

Operator: Thank you. We have no questions coming through.

André Goedée: Alright. Then I can inform you of the voting results for this resolution to reappoint Peter Gerretse as a member of the supervisory board for a four-year period. The number of votes in favour cast via the portal are 18,679,956, which represents 99% of the

votes. The number of votes against cast via the portal are 195,608, which represents 1%. The number of abstentions cast via the portal are zero. There are no votes in favour cast at this meeting, no votes against cast at this meeting and no abstentions cast at this meeting. Altogether, this represents 100% of the votes and I conclude that this resolution is adopted. Peter, congratulations –

Peter Gerretse: Thank you very much.

André Goedée: – on your reappointment and we're very happy with the fact that you can continue for another four years.

We would now like to move on to the next agenda item: the appointment of the auditor of the company and the adoption of the resolution for the appointment of the auditor for the year – for the period 2020 up and including 2022. The supervisory board proposes, on the recommendation of its audit committee, that Ernst & Young Accountants LLP, named EY, be appointed external auditor of the company and to entrust EY with the audit of the annual report and the financial statements for the years 2020, 2021 and 2022. This proposal followed an evaluation of the services provided by and the performance of EY in previous audits, which yielded a favourable outcome. It is proposed that the current appointment of EY be extended for a three-year period to provide for continuity and consistency in the services provided for the external audit and with due regard for the effectiveness and the efficiency of audits in previous years, as well as for the amounts of the audit fees and the reliability of the officers. EY was appointed external auditor of Sif in 2007 and of Sif Holding NV at the time of the IPO in 2016. Mark-Jan Moolenaar bore the ultimate responsibility for the audits in previous years on behalf of EY but he will be replaced by René Frentz and if he is on the call, which I have not checked at the beginning, for which I apologise, René is pleased to introduce himself. Is that a possibility, René?

René Frentz: Yeah, yes, good morning all, it's René Frentz. I am also on the call. Yeah, just a brief introduction: Audit Partner, Ernst & Young in the Netherlands, within audit for almost 20 years now, also active in the international audit practice, working with listed clients and also let's say I have been asked to take over the responsibility of Mark-Jan.

André Goedée: Alright, thank you very much.

René Frentz: You're welcome.

André Goedée: The cooperation with Mark-Jan over the years has been very professional and agreeable. We, as supervisory board – we – and looking at the respect we have for each other's position, always arrived at a satisfactory audit that, in turn, resulted in an unqualified opinion and I have to say that – I say this also on behalf of the executive management and the supervisory board, that we are very grateful to Mark-Jan for his services and wish him every success with his following assignments, outside Sif.

Mark-Jan, thank you very much for our very pleasant cooperation, professional. We wish you all the best in your next steps in your career.

Fred van Beers: Here, here.

Mark-Jan Moolenaar: Thanks for the nice words, André.

André Goedée: Operator, could you tell us if there are any questions on the reappointment of the auditor?

Operator: We have no questions coming through.

André Goedée: Thank you very much, then I can inform you of the voting results on the resolution for the appointment of EY as the auditor for the years 2020, 2021 and 2022. The number of votes in favour cast via the portal are 18,503,940, which represents 98%. The number of votes against cast via the portal are 371,624, which is representing 2% of the votes. There are no abstentions cast via the portal, there are no votes in favour cast at the meeting, no votes against cast at the meeting and no abstentions cast at the meeting and together, this all represents 100%, which gives me reason to conclude that the resolution is adopted and EY is appointed auditor of Sif Holding for the years 2020, 2021 and 2022. And René, we look forward to our future cooperation.

René Frentz: Thank you, same here.

André Goedée: Moving on to agenda item seven, which is the adoption of the remuneration policy, the next business is the adoption of the remuneration policy for the members of the executive board and the supervisory board of Sif Holding NV and the chair of the remuneration committee, Peter Gerretse, will introduce this item right now after I give him the floor, Peter?

Peter Gerretse: Yeah. The current remuneration policy dates from Sif's IPO in 2016. In 2017, this remuneration policy was supplemented with a long-term incentive plan for members of the executive board. The supervisory board, with its remuneration committee, proposed to replace this plan with a remuneration policy that is based on the prevailing policy, which is brought in line with the provisions of the new Shareholder Rights Directive, as implemented in Dutch law. The works council was requested to give its opinion on the proposed remuneration policy, which it rendered on 19th March 2020. This opinion is published in the documents for this meeting.

The opinion was positive, with two conditions and two recommendations. The supervisory board has agreed to the conditions, which is read as follows. One is that the works council will be kept informed on the benchmark studies, as these will be performed from 2020 onwards and secondly, that any performance criteria communicated in the future, proactively or otherwise, will be shared with the works council.

The works council also made two recommendations. The first one is to ensure that the pay ratio does not exceed the current level and keep this within the bandwidth of 6.8–8.9, as prevailing in the 2017–2019 period. The supervisory board does not regard the pay ratio range proposed by the works council as a provision that belongs in a policy. The policy prescribes that there must be alignment between the remuneration of the executive board and the workforce. Describing this alignment in a pay ratio spread in a policy could have an undesirable impact on future decisions, for example when setting remuneration in line with the market for the purposes of the appointment or retention of members of the executive board. We are of the opinion that the works council range is a reasonable spread for the current structure, certainly when bearing in mind that the Sif pay ratio has remained well within this range for many years. Therefore, applying this spread is not a problem at present. However, we will certainly enter into discussion with the works council should there be a range to abandon this range at some time in the future. Consequently, we regard this spread as reasonable in the current conditions and market dynamics and we will follow it without prescribing this in a policy.

The second recommendation is to maintain a balance between short-term and long-term remuneration that tips toward long-term remuneration. At the moment the long-term incentive is 20% of basic salary on award. This is in line with the smaller listed company market. Whether this incentive is also 20% of the basic salary at the time of payment depends on price development and we will certainly examine this recommendation, although its inclusion in the policy is complicated by an uncertainty in the longer-term remuneration at the time of payment. Consequently, the text you have received is identical with the text submitted to the works council and on which the works council rendered its positive opinion. The supervisory board accepts the works council conditions and takes heed of their recommendations, although these will primarily be reflected in the annual remuneration reports. These are also placed on an agenda of the future annual general meeting of shareholders.

André Goedée: Okay, Peter, we have received a number of questions on this agenda item seven. These are questions introduced by the Dutch Association of Shareholders. Peter, could I ask you to read these questions in English and then provide us with your answer?

Peter Gerretse: Okay, there are five questions of the VEB concerning the remuneration policy and I will take the liberty to combine the first three questions. The first one, question 24: 'Within the remuneration policy, the short-term incentive is, for 60%, dependent on the achievement of the following criteria: contribution, EBIT and result of capital employed. Are there any other financial criteria that supervisory boards may use in the future and when will the supervisory board communicate these other criteria?'

Question 25 is: 'What are the personal targets for the executive board for the year 2020?' And question 26: 'Will Sif comply with the requirements of the new shareholder directive and as a result, communicate individual financial and non-financial targets and results for the executive board?'

My answer is the following: first of all, the financial targets, as mentioned in the policy, are the most important ones but of course, we may add other targets in a specific year, like net debt or working capital. However, as mentioned before, we will, at this moment, not disclose individual targets and results because we think it's not in the interests of the company to disclose commercial and strategically-important information, taking into account that we are mainly active in the wind power foundation industry, with a very small number of competitors and in this small market, we are the only one – the only listed company. However, we understand the background of your questions [inaudible].

Then I go to question 27: 'The emphasis within our remuneration policy should be on the long-term incentive. However, within Sif the emphasis is more on the short-term incentive. Please explain why the supervisory board has chosen for this relationship between short-term and long-term incentive. And secondly, the works council has advised to change this relationship in favour of the long-term incentive; what intends the supervisory board to do with this advice? And thirdly, will the supervisory board confirm that in the next revision of the remuneration policy, there will be more emphasis on the long-term incentive?'

And my answer is, first of all, one remark: in 2016, the remuneration policy was approved by the shareholders meeting with, at that moment, only a short-term incentive. In 2017, a long-term incentive plan was added to the policy and also approved by the shareholders. Under this new policy, long-term performance shares are awarded with the a vesting and payout date,

although at award date, the long-term incentive represents 20% of basic salary, it may differ at the moment of payout. As a result, the exact relation between short-term and long-term incentives is not yet clear yet.

I'd also like to mention that the relation between short-term and long-term incentives, as mentioned in the current policy was, in 2017, in line with the policies of comparable small listed companies in the Netherlands.

And lastly, the importance of a long-term vision for the company is fully supported by the supervisory board and we will evaluate in coming years if we should adjust the remuneration policy concerning the relationship between short-term and long-term incentives, taking into account your remarks, as I said before, and also taking into account the recommendation of the works council.

And on – yes, the last question is question 28, which concerns, also, the long-term incentive policy: 'The long-term incentive policy uses performance share units, a sort of phantom shares, which will be paid out at the end of the performance period in cash. Please explain why the supervisory board has chosen to use PS, performance share units, instead of shares?'

And the answer is at the moment the policy allows for an award in shares or in performance share units. We have chosen, until now, for the more straightforward method of performance share units. Within Sif, as a rather small listed company, we like to keep things as simple as possible and at this moment, we do not see any additional advantages of awarding in shares instead of performance share units. André?

André Goedée: Alright, Peter, thank you very much. The association of shareholders would like me to read a voting declaration during the meeting. This consists of two items, first of all the Dutch Association of Shareholders mentions that they give a high value to a well-balanced remuneration policy. They think that the balance between the short and the long-term components of the variable pay are – need to be a crucial part of the remuneration policy and in the opinion of the Association of Shareholders, this particular fact is not sufficiently covered by the Sif remuneration policy.

The second remark is the fact that the Association of Shareholders think that there is a disbalance between the variable pay and the interests of shareholders. In short, they consider it important that, when the shareholders have a negative result, that this also applies to the award – the variable award of the management. They also reiterate their preference for an award of Sif shares after three years of performance and also that after award, these shareholders have a lock-up for a number of years.

Having read the statement of the VEB voting resolution, I would like to ask the Operator if there are any specific questions on the remuneration policy in our – coming from our audience.

Operator: Thank you. We have no questions coming through.

André Goedée: Alright, thank you very much. I wish to remind you that this resolution, in contrast to all other items voted on today, requires a majority of 75% of the votes cast at this meeting to adopt the policy and I can inform you of the voting results for this resolution to adopt the proposed remuneration policy as follows.

The number of votes in favour cast via the portal are 16,024,387, which represents 84.9% of the votes and the number of votes against cast via the portal are 2,851,177, which represents

15.1% of the votes. There are no abstentions cast via the portal, there are no votes in favour cast at this meeting, no votes against cast at this meeting and no abstentions cast at this meeting. Representing 100% of the votes, I conclude that this resolution is adopted and suggest that we move on to item eight of the agenda.

This deals with the authorisation of the executive board; the next business is the authorisation of the executive board to acquire and issue shares, or rights to subscribe for shares in the capital of the company and to restrict or exclude pre-emptive rights specified in the articles of association. There are two separate subjects. A – agenda item 8A is the authority to acquire shares in the capital of the company. This resolution grants the executive board the authority for the period of 18 months from 14th May 2020 onwards and with the approval of the supervisory board, to acquire shares in the capital of the company, other than for no consideration, including by means of derivatives, stock exchange transactions, private transactions and block trades, etcetera. The authority of the executive board to acquire shares in the capital of the company is subject to a maximum of 10% of the issued and payed-up capital of Sif on 14th May 2020 and at a price between the nominal value of the share and 110% of the average closing price on the last five stock exchange trading days prior to the execution of shares in the capital of the company. The resolution replaces the authority of the executive board granted to the executive board on 3rd May 2019.

Operator, could I ask you to see if there are questions on this particular subject on the agenda?

Operator: Thank you. We have no questions coming through.

André Goedée: Alright, then I can inform you of the voting results on the resolution to grant the authority to acquire shares in the capital of Sif Holding NV and the number of votes in favour cast via the portal are 18,875,111 and this makes my task very easy, because this represents 100% of the votes. There are a number of abstentions cast via the portal, 450, which is close to 0% and the number of votes against cast via portal are three, which also is considered 0%. Reaching 100% of the votes, the resolution is hereby adopted.

I move on with item 8B on the agenda, which is the authority to issue and to grant the right to subscribe for shares. This agenda item relates to the resolution to renew the authority of the executive board to issue shares in the capital of Sif, or to grant rights to subscribe for shares in the capital of Sif for a period of 18 months from 14th May 2020 onwards and with approval of the supervisory board. This authority, however, is limited to 5% of the issued and payed-up capital on 14th May 2020 and an additional 5% of the issued and payed-up capital on 14th of 2020, in connection with acquisitions, mergers, demergers or strategic alliances.

Operator, do we have any questions on this agenda item?

Operator: We have no questions coming through.

André Goedée: I can inform you then, as a result, that the resolution – on the resolution to renew the authority of the executive board to issue shares or to grant rights to subscribe for shares. The number of votes in favour cast via the portal are 18,870,798, which is 99.97% of the votes and the number of votes against cast via the portal are 4,763, which is 0.3%. There are no abstentions cast via the portal – I'm sorry, there are abstentions cast via the portal and these are three, which is close to 0%. The number of votes in favour cast at the meeting are

zero, there are no votes against cast at the meeting and there are no votes of abstention cast at the meeting as well. Altogether, this is 100% of the votes, whereby the resolution is adopted.

Item 8C of the agenda: the authority to restrict or exclude statutory pre-emptive rights of the shareholders. This agenda item relates to the resolution to renew the authority of the executive to restrict or exclude pre-emptive rights of shareholders and it is proposed that this authority be renewed for a period of 18 months from 14th May 2020 and requires the approval of the supervisory board.

Operator, do we have questions on item 8C of the agenda?

Operator: We have no questions coming through.

André Goedée: Then I can inform you of the voting results for the resolution to grant the authority of the executive board to restrict or exclude the pre-emptive rights of shareholders. The number of votes in favour cast via the portal are 18,870,798, which is 99.97% and the number of votes against cast via the portal are 4,766, which is equal to 0.3% of the votes. There are no abstentions cast via the portal. There are no votes in favour cast at the meeting and there are no votes against cast at the meeting. There are no abstentions cast at the meeting. The number of votes ends up to be 100%, which makes me to conclude that the resolution is adopted.

Well, that brings us close to the end of our meeting. Ladies and gentlemen, we have now arrived at the last agenda item and I'm pleased to offer you the opportunity to ask any additional question before I close the meeting. Operator, do we have any additional question from our audience?

Operator: As a final reminder, if you would like to ask a question, press star one. We have no questions coming through.

André Goedée: Well, thank you very much, Operator. If there are no further questions then I close the meeting and I wish to thank our audience, everyone, for this – for their interest in and their commitment to Sif. Unfortunately, we cannot hold a reception after this meeting and there is no opportunity for informal discussions, like we have every year and I can tell you that we deeply regret this but at the moment, the end justifies the means. Our goal, for all of us, is to stay healthy and safe during this crisis. I wish all of you the best and sincerely hope to meet you next year in good health and to be in a position to personally shake your hands.

Thank you for your attention and understanding and please stay healthy. Thank you.

Operator: Thank you for joining today's call. You may now disconnect. Hosts, please stay on the line and wait for further instruction.