

Highlights and Key Figures for Q3 2019

Highlights Q3:

- > **High tender and contracting activity:**
 - Contract win for Vineyard windfarm USA (84 monopiles, 103 Kton)
 - Contract win for zones 2-4 of Hollandse Kust Zuid windfarm in The Netherlands and post- Q3 also the win of zone 1 of Hollandse Kust Zuid (total project 140 monopiles, 136 Kton)
- > **First contract with DEME for new Sif marshalling- service on Maasvlakte 2- hub and lease of additional 20 hectares**
- > **Opening of sales- office Japan**
- > **Delay by US federal authority BOEM of Vineyard project for undefined period of time**

Key figures:

- > **Year-to-Date (YTD)¹ contribution increased to €66.6 million (€57.0 million YTD 2018)**
- > **EBITDA Year to Date increased to €14.6 million (€13.0 million YTD 2018)**
- > **Operating Working Capital at end of Q3 2019 -€8.2 million (€28.4 million at end of Q3 2018)**
- > **Net Debt excluding IFRS 16 at end of Q3 2019 €19.2 million (€43.1 million at end of Q3 2018)**
- > **Throughput of 46 Kton brings Year to Date production to 140 Kton (100 Kton YTD Q3 2018)**
 - 95% for offshore wind
 - 5% for offshore oil & gas & other
- > **Order book 47 Kton for Q4 2019, 245 Kton for 2020 (including 103 Kton for Vineyard) and 108 Kton for 2021.**

In € million	YTD 2019	YTD 2018	Change YoY	Q3 2019	Q3 2018
Contribution	66.6	57.0	16.8%	21.1	11.4
EBITDA (adjusted ²)	14.6	13.0	12.3%	1.8	-1.1
Kton production	140.0	100.0	40.0%	46.0	19.0
Order book in Kton at 7 November 2019	For remainder 2019		For 2020		For 2021 and beyond
Contracted		47		165	108
Exclusive negotiation		0		80	0
Total for the year		47		245³	108

Comment from Fred van Beers, CEO of Sif-Group:

Tender activity and order intake were strong in the third quarter of 2019 with large project- wins and satisfactory pricing- levels. Improved pricing levels also applied to the projects at hand at the start of the third quarter. However, both the pressure on this quarter's production capacity as a consequence of the delayed Borssele 3+4 project and production issues, caused planning problems and a less efficient production. With multiple projects at hand and tight delivery schedules, production- lines repeatedly required conversion. This resulted in production of 46 Kton at much higher than precalculated manhours and overtime. This impacted this quarter's contribution margin. For the final quarter of 2019 we expect an equal utilization with production anticipated at 47 Kton and contribution margins at least at Q2 2019 levels.

¹ Year-to-date (YTD) refers to the period 1 January- 30 September

² Adjustments relate to IPO- expenses for which 2018 EBITDA- numbers are adjusted.

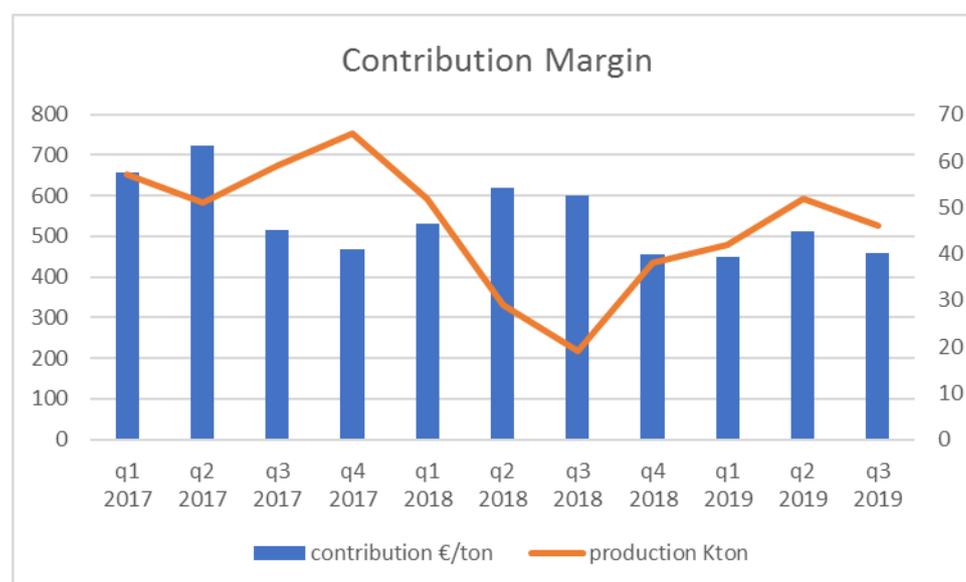
³ Including 103 Kton for Vineyard

The outcome of 2020 remains uncertain with limited clarity on timing of the Vineyard project. We are still in talks with the client on different scenarios ranging from full delay of the project to manufacture of part of the order in 2020. Further news on timing is not expected before December 2019 but with the passing of time it becomes less likely that Vineyard will lead to production in 2020. For 2021 we already booked 108 Kton following the recent addition of the 4th part of Hollandse Kust Zuid in The Netherlands. With increasing ambitions of various countries and high tender activity, we expect good utilization from 2021 onwards.

Q3 2019 Results

Contribution

Contribution for the first 9 months of 2019 added up to €66.6 million. Over time, contribution per ton and production levels developed as in the graph below.



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

EBITDA

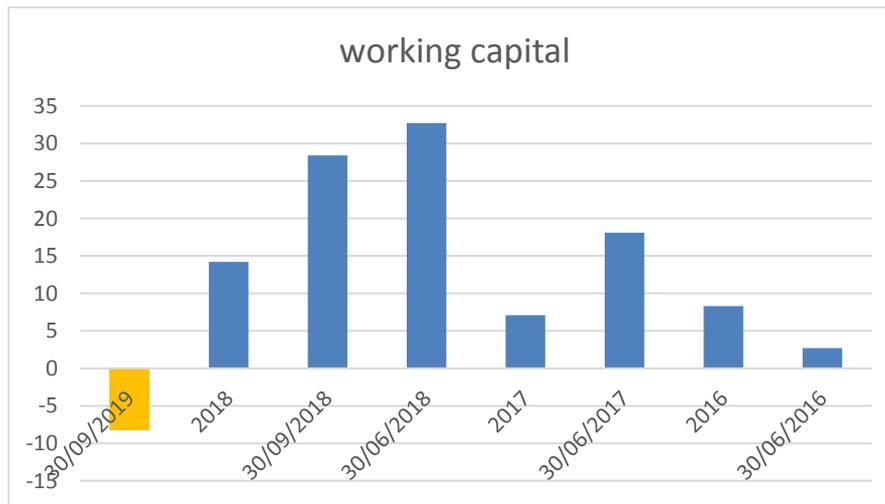
EBITDA in Q3 2019 amounted to €1.8 million compared to -€1.1 million in Q3 2018.

Delays in the completion of certain projects caused by lower but still high sickness rates (6.6%), planning and execution issues and by an inefficient production sequence resulting from delays in the execution of Borssele 3+4, affected subsequent projects and forced us to increase our workforce and to work additional shifts and overtime. At the end of Q3 2019 Sif employed 644 FTE of which 308 permanent staff and 336 flexible workforces. At the end of Q2 2019 Sif employed 582 FTE of which 297 permanent and 285 flexibles.

Adjusted EBITDA is calculated as profit before finance expenses, tax, depreciation, amortization and IPO-related costs.

Net debt & financial position

Net cash from operating activities YTD is almost € 27 million. Net cash used in investing activities was YTD almost -€ 11 million. Financing activities used more than -€ 15 million. Net working capital with -€8.3 million was in line with the previous reporting period (-€11.7 million). Net debt excluding IFRS 16- effects increased from €14.9 million at the end of Q2 2019 to €19.2 million at the end of Q3 2019. The company remained within the agreement with the banks. Banking covenants require solvency in 2019 of 30% and Ebitda LTM (last twelve months) end of Q3 of at least € 0. Solvency at the end of Q3 with 47% (excl IFRS 16) was well within covenants.



Outlook

For the Full Year 2019 we anticipate total production of 187 Kton with projects at hand like Triton Knoll, Seamade, Sverdrup P2 and Borssele 1-2.

245 Kton has been booked for 2020 or is under exclusive negotiations. The Vineyard project is included in this 245 Kton for 103 Kton but any production for this project in 2020 has become less likely. Other projects for 2020 include Triton Knoll, Sverdrup P2 jacket, Borssele 5, Saint Nazaire and Hollandse Kust Zuid for which we booked the final 25% this week. Hollandse Kust Zuid has therewith become the largest project ever in Sif's history. We are discussing the effects of the delayed BOEM approval on Vineyard with the client and have presented various alternatives. The workload for 2020 is therefore uncertain and we have developed different scenarios depending on the progress during the next two months. These scenarios include worst case minimal production of 150 Kton.

108 Kton has been booked for 2021 with tendering activity at high levels. With € 6 million investments in additional coating facility completed and approx € 5 million committed to process- improvements, Sif is well- positioned to benefit from the upswing that is projected on the 2021- 2027 period by industry analysts such as Windeurope and WoodMackenzie. Projects for this period are now in the tender phase and include amongst others Doggersbank and Moray West in United Kingdom, various projects at the east- coast of USA and Courseulles in France.

2019- 2020 Financial Calendar

November 7, 2019

Q3 Trading Update

March 13, 2020

Release of full year 2019 results and 2019 Annual Report

May 14, 2020	Release of Q1 2020 Trading update
May 14, 2020	Annual General Meeting of Shareholders
August 28, 2020	Release of 2020 interim result
November 6, 2020	Release of Q3 2020 Trading update

Contact

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