Sif Holding Full Year 2024 Results

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Fred van Beers: Good morning, everybody, on this day where we will present the Sif Annual Numbers '24 and give a bit of an outlook on '25 and further on.

My name is Fred van Beers, CEO of the company. With me, Ben Meijer, CFO; Fons, Investor Relations. Thanks for those coming to this meeting room. It's also always good to see people live during these presentations. Thanks also for adjusting the timing a little bit to an early start this morning at 9:00. I appreciate it from my side. Let's see how we come through. But let's take the decent time that we need for this session.

From a safety perspective, for those here in this room, there is no safety drills planned for. The emergency exit is downstairs, and then we will meet at the meeting point, should the alarm go. We will follow instructions of the personnel.

For those online, the presentation is uploaded on the website, so you can follow also there the material.

First part of this presentation will be taken care of by Ben, our CFO. He will take you through the numbers of '24, and I will come back later on market outlook and outlook from Sif '25.

Ben, the floor is yours.

Ben Meijer: Thank you, Fred, and good morning, everybody. Would like to start also with the safety performance at Sif and also discuss last year. Last year, the safety performance was not good. Last year, if you look at 2023, so I'm not talking about 2024. 2023, number of lost-time incidents was at a level of 10, which was not a good performance. So in 2024 we took additional measures.

We had additional safety standdowns at Sif, too, in 2024, and we will continue with that also with the yearly safety standdown also in 2025 and going forward. As a consequence of that, we see that safety behaviour and also the safety culture at Sif has improved. In 2024, we saw a reduction in the lost-time incidents from 10 to a level of one. Overall, happy with the improved safety performance in 2024. Of course, this remains a key topic for Sif also going forward.

Number of lost-time incidents, a significant reduction. Also, if you look at the total recordable injuries, which is a combination of the lost-time incidents, the restricted work incidents and also the medical treatment incidents, also reduction from 22 in 2023 to a level of 13 in 2024. Sickness leave still on the high side. Last year, 2024, we came in at 7.8%, a slight increase compared to 2023 with 6.9%.

What we see over there is that there is - still there's a lot of pressure on the organisation. It's tough work. What we also expect over there with the new factory at the Maasvlakte, where you have improved working methods, that this will also result in a lower sickness leave going forward.

Last but not least, I would like to mention the code of conduct, also how we interact with each other and also with the outside world at Sif. We have made an update of the code of conduct in 2024 and also made communication of the code of conduct an important topic within the organisation. And it's at the moment, also part of the onboarding. So also important steps have been made from that point of view in 2024.

Some of the key highlights. First one, key topic '24 was, of course, the new factory. The new factory is up and running. From a technological point of view, it is doing what it has to do. The overall project was within budget, it was within time and also within specs. Overall, very happy with the new factory being built and being where it is as of today.

We will come back later on when looking at the ramp-up of the new factory. It is doing what it has to do. First monopiles are being produced. Right now, we are in the ramp-up phase to further increase the output level. And over there, we see some delay, and Fred will come back to that topic later on.

Skybox is a solution for more efficient TP-less installation, on schedule, including the certification, which is also on schedule. Regarding our presence in Rotterdam, yeah, a couple of things to mention. We have leased temporarily additional 20 hectares. My neighbour has been selected Port Man of the Year in 2024, you see quite a happy picture over there. Also happy guy indeed.

Then ESG related KPIs. A couple of key KPIs I would like to share with you. First one, the gross CO2 emissions, and we see a reduction of slightly more than 8,000 tonnes in 2023 to slightly more than 6,000 tonnes in 2024. Key underlying measures for this reduction. First of all, replacing fossil fuels by biofuels for the inland shipping and also an important measure is the gas preheating, which we have been replaced by induction. Key underlying measures within the organisation to reduce gross CO2.

Our contribution to renewable energy, you see, well, quite a significant drop compared to 2023. This is basically related, in 2023, we were involved with more various foundations. We had a couple of projects where we only did the TP, not the monopile. Also if you do the TP, this is also included in the number of renewable energy. It's basically a mix of the portfolio, resulting in the decrease in 2024.

Lastly, the LTIF. We already talked about the number of lost-time injuries, the reduction from 10 to one in 2024. You also see this clear reduction reflected in the LTIF number.

Coming back to some important financial parameters. Orderbook, well filled with slightly over 500 kilotons. This is all final contracts. At the moment in the order book, we do not have exclusive negotiations. All firm contracts added this year have been East Anglia, Baltyk 2 and 3 TPs and some smaller pin pile and leg orders.

Also, if you look at the timing of the orderbook, 2025 fully booked. Also 2026, including the shift of volumes from '25 in 2026, also almost fully booked, close to completely fully booked. Also at the moment, we are working hard on 2027. Fred will also come back on that one.

Contribution per tonne is going up, which is good. As also mentioned in the press release, we're moving more towards an indicator of contribution margin per week because per tonne is the metric we've always been using. We continue to mention that. But contribution per week is more important because sometimes you have difficult projects, which are relatively light, complicated to produce, and we also include that in the pricing. We basically look at the pricing per production week and not purely at the pricing per tonne.

Workforce, we see a small increase and also a shift over there, more people at the Maasvlakte and less people at year-end at Roermond factory because at the end of 2024, there was less work in Roermond and more work at the Maasvlakte. Overall, we see an increasing trend. And even more important, we see more permanent people on the payroll. We try to move away still flexible workforce, very important, but also we try to increase the number of permanent people who are on the payroll of Sif.

Adjusted EBITDA. We gave a guidance for 2024, EBITDA guidance of €35 million. Overall conclusion, we came in slightly above guidance with a little bit more than €38 million. Volumes slightly lower, which is impacted by the slower ramp-up of the new factory. This is being offset by increased service revenues and also fees in relation to licensing contracts.

Important one, working capital, you see a very negative number, which is, again positive, also what we discussed before. Also this one is impacted by significant upfront payments that came in at the end of 2024 related to contracts, which are going to be executed later on. Also, if you look at the cash position, which is at a number of €140 million, of course, this is also impacted by this working capital management.

Overall, healthy liquidity position of the company and adjusted EBITDA coming in slightly above guidance.

I'd like to hand over to you, Fred.

Fred van Beers: All right. Thank you, Ben, for that. Let's move on to the market first because we are living in interesting times, to say the least. What you basically see is that due to all the geopolitical turmoil and the seat change in the US that the US market has come to a halt when it comes to new projects, new developments.

We clearly noticed that I think within one week after the elections in the numbers of tenders that were frozen in the US market. On the projects that are in execution phase, however, it's continuing like before. So there is no sign that we see projects being halted or whatever. But that's continuing so far, so good.

But obviously, that means that the potential for the US market over the coming years is basically dropping to something close to zero. We have built in here something like two gigawatts that is maybe one project. These numbers are coming from WoodMac. Probably the two could be considered zero as well for the coming five years, meaning that the overcapacity or the undercapacity is becoming a little bit more balanced now with the market, especially short term over the period up to '28. I will show that later on as well.

The European market, despite all the money being spent now on defence, there's a lot of focus on ramping up the European market from a defence perspective, but also from an independency perspective and the Industrial Act that has been released end of February shows or has some very strong elements in it that will, in our view, boost the European supply chain for European projects in order to create energy independency. We don't see, in that sense, also no deviation on ambitions in Europe from previous meetings.

Also in the UK, the market is strong. I think thanks to the failure of, for example, the Danish auction, we do see an increased tendency to go for double-ended CFD tender processes and a more balanced tender setup that is realistic towards market conditions. Also, we are looking forward to the new tender round in the Netherlands, where there is clear pressure on the Hague and RVO to adjust the tender qualifiers. Let's see what comes out of that.

Then the main market, Asia, we see no reason to adjust that compared to previous times as well as the EU market. The factor 4.5 compared to this year up to 2030 in our view is still valid when it comes to market potential.

If I go to the next one. If you then look at this famous ramp-up that we have seen postponing year after year, we see it's still there. From '28 onwards, in our view, if we look at the tenders that are being addressed to us, then from '28 onwards, the market does see this jump. We however also consider this with a certain carefulness because past has shown that this wave could be pushed further forward.

Having said that, we also noticed clearly that the EU and member states are now rolling out actions to, on one side, shorten permitting processes. On the other hand, setting the right economical qualifiers in the tenders and also the non-economic qualifiers in the tenders that should, in our view, hopefully now boost this ramp up in a realistic way.

The other, I think, news or thing to mention, I will come back to that later as well, is that the nine to 11-metre diameter monopile foundation looks to be a foundation of choice for at least five or seven more years compared to when we two years ago took an FID.

In other terms, the sweet spot of our factory that we initially saw for a four to five-year period, in our view, will be extended with three to five years more. We don't foresee a new investment on a short to mid-term period, given that development, which is good. You may also have seen the news that a Mingyang, a Chinese turbine that was selected in Germany has been put on hold from a security reasons point of view by the German government, and we see more indications of that happening now in the market, which is, I think, a strong signal that we will see some changes in protecting the European supply chain for offshore wind. That, in our view, is good news coming out of all this insecurity globally.

Then going a little bit into the situation operationally today. I start with the right one because I think that's the most important one at the moment. The new factory, as said by Ben already, is finished. We closed the project completely financially, operationally. There are always remaining points that have been handed over now to the maintenance safe operational organisation to deal with. In that sense, the project is past per se.

We have hired all the people that we need. We did have them in in-time last year already. On that note, everything according plan.

The factor that caused, in our view, two to three months delay as it looks now in the ramp up is the speed with which we are ramping up the experience curve in these teams. We have roughly 250 people working in the new setup, and it simply takes more time to let them work in the right flow with the right experience curve and let them gain the right experience curve than we initially thought.

Having said that means that, first of all, if you would compare now today's situation with the planning, we are roughly at, as we speak now, two months in delay compared to where we should have been. But we are ramping up. So we are in a position basically now where we should have been end of December. But that also clearly shows that, first of all, the machines and the equipment is doing what it should do.

People are learning faster and faster at the moment. But we are simply too early in that ramp-up phase now to give a clear indication what the effect is of the shift from '25 to '26. That is the reason why we also gave a range on the EBITDA outlook, and we expect to give more clarity there simply because we gained more experience in the next meeting in May when we announce the Q1 numbers. We will come back in more detail and foresee a smaller window of EBITDA expectation for the year-end, simply because we know more about where we are at the moment.

That is, I think, good to remember. It's a shift. It's not a dilution of margin. It's purely a shift. That's also why, as expressed by Ben, '26 basically looks very strong now from an EBITDA perspective because we don't see any dilution of margin, but a shift of margin. '26 basically should generate this €160 million that we guided for. So there's no reason to adjust that.

This maybe also explains why we have been very careful in announcing or closing or committing deals for '26 because we wanted to be sure that when we commit that we also can deliver. This is so crucial in this business, because otherwise you run into a lot of liquidating damages problems. For example, also in '25, although we have some delay, there is no installation campaign of any of the projects that we have in the order book that will be delayed because of our initial delay in the project. I think that's also important to mention.

We have built in sufficient float leeway in our planning to accommodate for this sort of delays, because for us, delivering on time and in the right quality is important. That is the other element I'd like to add. In whatever we do, the priority also as desired or wanted by our customers is number one is safety. We are starting up a very complex thing. Some of you have been there, I've seen it. We need to be 100% sure that we do this in a safe way.

Secondly, that we guarantee the quality. From that perspective, I can say that the repair rates of the production at the moment are slightly above the design level with not much. That's 100% in manageable, so to say, tolerances. That's good. It shows also the quality of the production, I think.

The third one is volume and output. And that's the part we're in now. That's important to say. Thirdly, we are very happy that we have now 190 kilotons as preferred that we can announce. We didn't take it in the order book yet because it doesn't 100% qualify as exclusive. That's simply the reason. But it does qualify enough to announce. I think that's because we always have this juggle between what can and can't say.

What we are not disclosing is how many projects is this? It's 190 kilotons preferred, and we don't disclose whether it's MP-TP, TP-less and what the split is between Roermond and Maasvlakte. We hope to give more clarity on that also in the Q1 announcement or a little bit later. But in the first half of this year, we expect to be able to give more clarity on '27 and onwards.

We do see a lot of tender activity, as said already for '28, a lot of projects that have been announced, but also quite a few projects of these that still need to get their own, what is it, security that they are actually being built. So CFD 7 is coming, the Danish projects, the German projects, the Dutch projects are all coming for that period. But we're working on all of them at the moment. So sales is quite busy as before.

Then on the supply chain, that is also an interesting area where we're in. Steel at the moment from Europe is under high pressure from Asian steel. Our competitors from China are working for obvious reasons with Chinese steel. Chinese steel is slightly less expensive than European steel. Luckily, in our new factory, we are not 100% tied to German steel anymore. We are also looking and building in and plotting scenarios to start using more steel from Asia, should we be forced to do so.

Our preference, though, is to work shoulder to shoulder with our German supplier to protect also from our side, the European supply chain because also we believe it's quite essential from an independency point of view economically to make sure that we stay side-by-side in staying independent also from a steel perspective.

As you may have seen on the announcements this week, there is a lot of action being taken now. Was also mentioned in the news, I think, two days ago. We've seen some initial outlines of that that are promising in the sense that they should make European steel competitive again compared to Asian steel. We can deal with both of them, and we have arrangements with both of them from both areas.

Yes, then and I re-mentioned it again, the OEMs postponement of growth. You may have seen the announcements from Siemens. They will do a 21-plus megawatt test turbine, but then basically mothball that machine until further notice and stick to the 15-megawatt platform for the time being. Given the example that I just gave from the Chinese turbines, I think there is also quite some political pressure to make sure that these turbines will stay the preferred platform for the coming period in Europe.

Guidance for '25, '26 again. Orderbook solid '24 as confirmed here in the 500-plus kilotons with 190 kilotons to be added on soon, given this preferred status we're in. That should fill us nicely up in '27, not fully yet as we believe. Our EBITDA guidance at Sif, we wanted to adjust to a range of €90 million to €120 million, which purely relates to how fast is now the curve of the ramp up. If it's a fast track curve, yes, we expect to come closer to the €120 million, of course. If it's basically continuing a little bit lower than it is today, then we come to the lower end of the number. Every week, the ramp up has been going faster. That's now the real question or openness where do we land. That's simply time that will tell us. We'll give you more information on that, as said in May this year.

No signs whatsoever or indications of any cancellations or expected cancellations on any of the projects in the orderbook. All are fully full speed ahead. As you know, the majority is also related to European UK projects here.

Yeah. Then on the contribution, we started announcing or started making the comparison now on the contribution per week. In our view, a more leading indicator, as mentioned already by Ben, than the contribution per tonne, given the complexity of the future designs of monopiles, whereby design related to tonnage is not so much in favour of tonnage anymore, but more in relation to how many weeks do we need to actually produce wind farm and what contribution do we gain over that project period. That's what we will start reflecting more and more now consistently in this contribution margin per week.

Then I've come to the point where I would like to thank you for listening so carefully and probably having some questions on what we just presented.

So who would like to start? We have plenty of time left for that. Tijs, yes.

Questions and Answers

Tijs Hollestelle (ING): Tijs Hollestelle, ING. Thanks for the presentation. Yeah. My first question is about to get in my mind a view on what actually is happening on the factory floor. I've been visiting the factory twice now. Indeed, the last time I was there, I think that production line one was already really running. The next two were, let's say, ready but setting up. How many, let's say, critical areas do you have in the factory? Because if I remember correctly, there was one area which was very busy. There's a bit of monopiles clocked up.

Then after that, it was quite empty. So I could basically see that there was still some execution risk. But how far are you in total getting a view on having all three production lines running what you have as a budget in your head, in your mind?

Fred van Beers: All three production lines are full-fledged running and are full-fledged manned. That is in the new factory all that where the plate assembly is being done. That whole factory is actually now producing more than what we can use for the build of the final sections in the monopiles. What I'm basically saying is we are slowing down that one a little bit because we are in the phase of optimising and adding capacity in the assembly line, and that's where we have the people also now that are starting up these double welding acts, etc., etc., etc., which is the next bottleneck. Basically, the whole new factory is out of the critical attention area.

Tijs Hollestelle: That is then the last phase.

Fred van Beers: That is the last phase because after that, you have a monopile.

Tijs Hollestelle: Bring them outside.

Fred van Beers: Yeah.

Tijs Hollestelle: Okay. Yeah, that's quite helpful. Then we discussed it also before, Q1 is almost at an end. You have probably a pretty good view on the fixed cost. But can you help us a little bit what we can expect for the first quarter because the share price is very sensitive, of course, on reported numbers so that we have any idea from what kind of EBITDA we can expect for the first quarter?

Fred van Beers: Basically, as said, we expect roughly a shift of a quarter. That means also that the quarter results will shift from Q4 to Q1.

Tijs Hollestelle: Yeah. But that's not sufficient for me because you are producing something, but can you recognise revenue in the first quarter on the project?

Fred van Beers: Yeah, we can. Yes, yes, yes.

Ben Meijer: But also regarding - I will not give a number at this stage. That's a little bit too soon, also taking into account the ramp up phase we are in. You still see the increasing line basically. What we can say, of course, you're producing at the moment full flesh on Empire. That's what you see happening at the moment in the new factory. But also the big increase in step up in EBITDA, that will come a little bit later because you're still in the ramp up phase. In Q1, you should not expect any miracles basically.

Tijs Hollestelle: But is it breakeven?

Ben Meijer: Yes.

Tijs Hollestelle: Yeah, okay. Then a final one.

Fred van Beers: Okay, that important to note. I mean, it's more that we don't want to give an absolute number now, but definitely we are part percentage of completion. I can tell you that March alone probably will outflow January and February, because this ramp-up is taking place as we speak.

Tijs Hollestelle: Okay. That's quite helpful. Yeah. Then you already explained it a little bit. But when you gave, let's say, initial guidance for '25, you probably also built in some conservatism. The dropdown and then also the range, yeah, to me, it feels a bit spooky because there's still a big gap in the EBITDA. Is it only timing or are there potentially other factors that can reduce EBITDA quite significantly this year?

Fred van Beers: That's the usual stuff, I would say. If you have a massive machine breakdown, for example, that could cause a stumbling block. The reason why the spread is there is that, as said already, the main reason for this delay is the speed with which people gain experience.

In gaining experience curve, people make mistakes. If they make a mistake that is significant, you could have a stop for a while. That is a bit insecurity factor that we are now facing at this stage. We had hoped to be past that point, where we are now today. But we simply are not that - we don't have enough data and, how to say, robustness in the teams yet to give a clear view on that. But I think it's without saying that also the organisation, given the order book that we have is, of course, focusing more on the right side of the bandwidth than on the downside of it.

Tijs Hollestelle: To simplify it, if one line, let's say, has a breakdown that is basically then the difference in the current EBITDA guidance range.

Fred van Beers: Yeah.

Ben Meijer: And maybe how we came to the range basically right now, we have more like forecasted a base scenario. Based on the progress we see at the moment, and we are slightly above the base case at the moment, there is a certain EBITDA expectation. But then subsequently also, we took into account some sensitivities. What indeed if the ramp up is going a little bit slower or if it is continue to go a little bit faster, what we currently see basically also in the new hole. Then you come to this range.

Of course, this range, it's quite a wide range of €30 million, but it's also in the phase we are currently in, that you are still in the ramp up phase. But that's how we came to this EBITDA range of €90 million to €120 million.

Fred van Beers: Yeah, the request is to bear with us and give us two months more to gain that experience and give you more clarity in May. And then we also can show you what you just asked for, what Q1 has done.

Tijs Hollestelle: Thank you.

Thijs Berkelder (ABN AMRO-ODDO BHF): Everybody awake?

Fred van Beers: Thijs two.

Thijs Berkelder: Okay. Thijs Berkelder, ABN AMRO-ODDO BHF. Coming back on ING's first question. EBITDA scenario for €120 million. Is it strange to assume €10 million, €30 million, €40 million, €40 million in terms of sequential EBITDA per quarter?

Fred van Beers: It sounds better than the other way around. I mean, indeed, you will see, of course.

Thijs Berkelder: In your assumption towards €120 million that you're at, let's say, full production speed on, let's say, '26 speed in the second half of this year?

Ben Meijer: Right now, without giving the numbers, as I just stated, indeed, Q1, what I mentioned, do not expect the miracles taking the ramp up phase. Q2 will be already at a higher level, current expectation. Then Q3, Q4 at even a higher level, also taking into account the mix of projects and the margin per project basically.

Fred van Beers: But it's a scenario that could work.

Thijs Berkelder: Yeah. Then a follow-up.

Fred van Beers: I'm not saying that we will do it, like that. But that's a scenario that could work.

Thijs Berkelder: We have to do it.

Fred van Beers: Sure, have to do better.

Thijs Berkelder: Then previously, you gave a kiloton forecast for, let's say, the running year. High end guidance is how much kilotons roughly, and low end guidance, how much?

Ben Meijer: On this one, on purpose, what we did is also looking at the past year that we're moving away from the kiloton guidance. Right now, it's purely focused indeed on EBITDA, looking at that one and moving away from the kiloton is also taking into account the complexity of the projects, which is having quite a big impact on the volumes.

Thijs Berkelder: Yeah. But what is not in the guidance is that if you're on the track towards €90 million EBITDA and probably you are still a bit in delay. Then the 2026 guidance more or less need to be raised further up, I would say, because you then miss €30 million of business.

Fred van Beers: You would miss volume.

Ben Meijer: Yeah.

Fred van Beers: You would miss volume, but how much that is?

Thijs Berkelder: Then '26 will be €190 million?

Ben Meijer: On this one, what we can mention is what we did with the various scenarios, you're fully right there. Indeed, if you have 2025, if the ramp up is taking a bit longer, more volumes will shift into 2026. That also will mean that one of the last projects in 2026, you can do a little bit less. What we did based on the various scenarios we identified, if you are working from a worst case scenario for 2025, more volumes into 2026. That also means that one of the projects we want to do in 2026, we cannot fully do it. Therefore, we say also regarding the EBITDA range of €160 million, independent of which scenario you are choosing for 2025, that the €160 million is pretty solid.

Then for 2026, the difference is we still have a little bit of space in Roermond. Then if we can book an additional order also for the Roermond factory, that will be further upside for 2026.

Fred van Beers: I think we explicitly already have said at least €160 million.

Thijs Berkelder: Yeah. Clear. You have availability in Roermond. Every standard question first Q&A in the meeting. What can you do for the defence sector?

Fred van Beers: Build submarines. We have no indication whatsoever that we should do anything for the defence sector. What we can do, what we're very good at is rolling thick wall plates and well done with high quality. The tank is too thin.

Thijs Berkelder: So a wall between Poland and Russia.

Fred van Beers: It's not rolled. I think, now in all honesty, seriousness, I mean, there is no indication or I think we're not looking at that at all.

Thijs Berkelder: Okay. Just checking. Yeah. What can we expect now from the marshalling business? It will come back - when will it come back? Again, similar revenue levels?

Fred van Beers: I think it's fair to say that we have part of the - what we have in the order book includes marshalling logistics primarily around, how to say, insurance policy on longer-term storage of monopiles should an installation campaign be delayed or whatever, not from our perspective, but from a customer's perspective, should that happen. We are in discussion with some of the customers that where we have the monopiles already in the orderbook to see if we can offer additional service on turbines as well.

We are in discussion with indeed the Port of Rotterdam to see how we long term can guarantee the 20 hectares that we have now on a temporary basis.

Thijs Berkelder: Yeah. Then what is not clear to me is Korea payments, which came in in '24, how much roughly? Is that to continue as well in the coming years?

Ben Meijer: Also, regarding licensing fees, income will continue. In 2024, we cannot give the exact number because that's sensitive. It was a nice number, let me put it that way. The range is not - I cannot give a range on that one. It was a nice number and it is reflected, but it's not the full part. If you look at the backside of the annual report, you see in the section breakdown also the volumes and the margin regarding business without production volumes. That's included in that number. It's part of it. It's not the full number.

Fred van Beers: But we have agreed with them to not disclose it, so we don't do it.

Thijs Berkelder: For now final question. Is it logical to assume that Dogger Bank D is in the preferred contract part?

Fred van Beers: That's still - I wouldn't assume that. That's too far away still.

Thijs Berkelder: Okay.

Philip Ngotho (Kepler Cheuvreux): Philip Ngotho, Kepler Cheuvreux. I'm new to the story. Sorry if I ask any very basic questions, and apologies for that. But just want to understand a little bit, you explained that you don't want to provide a 2025 production guidance. I mean, it's a very important building block in any way for your EBITDA guidance. I would think it's maybe even less uncertain than your EBITDA guidance that you provide. What's the thinking about not providing at least a range of what you think you can produce in terms of volumes in '25, I have to say, actually. That's the question that I have.

The other thing that I'm wondering about is, are you assuming or what utilisation rate are you assuming for 2026 with €160 million EBITDA guidance? How much availability or utilisation do you have in Roermond? What's the potential additional earnings that you can get from that? Do you have any penalties if you can't execute certain projects in 2026 that they have to be delayed in 2027 at all?

Fred van Beers: To start with the last one, no. No penalties foreseen because we have built in sufficient float in our planning. On the utilisation for '25, we basically booked - the orderbook that we've booked utilises 70% of our 85% capacity on production weeks. The reason why we're not disclosing these kilotons is exactly, as Ben said, that the kiloton as a qualifier or as an indicator for production load is so far off from the reality, which is how many production weeks do you need, that's why we want to make the shift now to that.

As said already, we will continue afterwards announcing these kilotons contribution margins. But I think the 70% of the 85% that I just mentioned is a bit more worth to look at than the kilotons. That's why we're a little bit stubborn in not disclosing the kilotons anymore.

Ben Meijer: Also what you see in the last two years, for example, is that in terms of output, we have been slightly lower than the numbers we presented. But in terms of EBITDA guidance, which is for us the key metric, adjusted EBITDA, that we have always been in line or slightly above the guidance we presented.

Fred van Beers: Then on Roermond. On Roermond, there are basically three product lines. To give some basic data. The first one is the offshore steel structures as we call them. So pin piles and structural legs for jacket constructions and these jackets are predominantly used at the moment for substations. As also presented for [inaudible] [00:48:48] jacket, for example, we have booked the order also for producing the pin piles.

That is roughly half of the production capacity in Roermond, and that looks quite stable. These are relative small orders. They come in at a regular pace. We see that continuing at a bit of the level of kilotons, to give you one kiloton number, something like 20-ish a year.

Then the second and the main product line is transition pieces and/or top sections for TP-less foundations. Depending on the design, whether it's a monopile transition piece configuration, then the transition piece is produced in Roermond, or when it's a TP-less design, the top part of the monopile, or basically the transition piece is connected already in the welding process to the monopile. That part is then also produced in Roermond.

The design, again, of the foundation determines whether production of transition pieces or top sections is being made. We see a very healthy or sort of regular, yeah, steady split between TPs, top sections that nicely accommodates the baseload of both sites. That goes really hand in hand.

Then the third part is when we have a monopile only. Then the top can of that monopile where the flange is being weld on, we decided to concentrate that knowledge in Roermond, and that's also then being done in Roermond. Roermond basically always is a sub supplier to the Maasvlakte factory.

Philip Ngotho: Sorry, but then in terms of utilisation, so how much –

Fred van Beers: You should work with the same percentages.

Philip Ngotho: Also 70.

Fred van Beers: Yeah.

Philip Ngotho: Okay. For 2026?

Fred van Beers: For '26.

Philip Ngotho: You're using as utilisation assumption with €160 million that you -

Fred van Beers: Yeah, Ben?

Ben Meijer: It's not far away from the numbers you were mentioning.

Fred van Beers: It's not far away. Maybe it's 75%, something like that. Depending because that's also a little bit depending now on what we will know a lot better in two months' time, how much of '25 will flow into '26. But roughly, '26 has always been considered a bit of also a ramp up. So you are somewhere between 70% and 80%, I would say.

Philip Ngotho: Okay. Last question, when it's fully ramped up and everything is going according to plan, what would be a normal utilisation?

Fred van Beers: 85%.

Philip Ngotho: 85%.

Fred van Beers: Of theoretical capacity. We plan. Full is 25 weeks minus holidays at five shifts a week, basically production and then the weekends, we always use for catch-up or not catch up for the whole dock[?] [00:52:07], but catching up eventually and a bottleneck in the design. There's always a certain bottleneck somewhere. There you need a weekend to sort of prepare for the next week so that you can keep the balance in the production flow. That's why we never plan against 24/7.

Is that helpful or creating more confusion? All right. No more questions from your side, Maarten?

Maarten Verbeek (The IDEA!): Maarten Verbeek, the IDEA. A couple of questions from my end. Firstly, you mentioned the delay of two to three months, but I thought initially that as of the start of the year, you would be at full-fledged production levels.

Fred van Beers: Yeah.

Maarten Verbeek: So shouldn't the delay be a bit more than just two to three months?

Fred van Beers: Because we have full-fledged capacity available. That's not the issue. Everything is working. Everything is up and running. But the output has been creating a delay because of the experience curve we gained. Remember here because it's not just a wind addressing comment. Safety first, quality second and after that volume. It doesn't make sense to produce a lot of steel when there is quality issues. That's what we are very disciplined doing.

Maarten Verbeek: Okay. Initially, you had booked, I do believe 285 kilotons for this year. Assuming that for nine months, it goes well in two to three months delay, you produce 50%. That should imply that more or less 35 kilotons is estimated to flow into next year. Is that a fair estimate?

Fred van Beers: I refer to the questions we just answered on the percentage of utilisation.

Maarten Verbeek: Okay. Could you explain to me what the difference is between a preferred supply contract and an exclusive negotiations contract?

Fred van Beers: It's a qualification on that. When you have exclusive, you basically are literally exclusive. But with preferred, we are the last to say no. When you're exclusive, there's no other negotiations, you finalise the contract. When you're preferred, basically, the customer says you're always in a position to say no or yes.

Ben Meijer: Exclusive basically from a legal point of view, it's much more binding compared to preferred.

Maarten Verbeek: Okay. You mentioned you signed up a new lease contract with the Rotterdam Harbour. Why only such a short contract?

Fred van Beers: That has to do with the availability of the plot. That's why we initially said, let's agree now on this four-year because that was related to a certain project, where we needed that time. And the next step now, and that's what I just said, what we are in the midst of is discussing with them, could we actually extend that a little bit longer or come to a permanent agreement. It's a bit of a salami approach.

Maarten Verbeek: But it will be the same plot?

Fred van Beers: That's the idea.

Maarten Verbeek: Okay. Then lastly, from my side because I do see that you had €18.2 million contribution from projects with no production volume. How much cost do you have against that to the income?

Ben Meijer: It is relatively limited because it's multiple topics. But the key ones, it indeed is related to the licensing contract and it's also related to cancellation fees to which no volumes or costs are being related.

Maarten Verbeek: In the outlook statement you provide for this and for next year, to what extent do you incorporate income from this production with no volume?

Ben Meijer: This is rather limited. But also, for example, regarding cancellation fees, everything has been booked already in 2024 and partly also in the 2023 numbers. We do not anticipate, of course, any cancellations. As the license fees, I was just mentioning, we're not going to give a number, but also in the overall picture, it will be relatively limited.

Maarten Verbeek: That’s it from my end.

Fred van Beers: Sorry, I thought you were saying. Then Tijs again.

Tijs Hollestelle: I have some follow-up questions, please. Yeah, the first one is, I think that Empire Wind was initially planned to end, let's say, finalised production in May. That then shifts a couple of months. Then a Dutch offshore wind project –

Fred van Beers: Be careful. In the ramp up phase of the first project, we build in a lot of float. The fact that we are now two or three months in delay doesn't mean that we also will be two, three months in delay at the end of that project. We have built in time. If we ramp up, which we are doing now, we could sort of reduce that period quite a bit.

Tijs Hollestelle: Okay. That's good. That's safe. But in the past, sometimes also you mentioned, let's say, if you switch to another project, you get different plates and also, I think the whole lines have to be used to work with that. How big is that risk? In addition, is there a big price difference in all the projects in the orderbook? Or have you managed to, let's say, have all the kind of parameters you need for contribution margin, EBITDA?

Fred van Beers: We tend to go for a continuous improvement approach on that. How that differs? We can't say. But I can tell you that it's healthy. No reason to believe that we would dilute on what we are doing in the first quarter on that. The next question was?

Given the setup that we have now, we are less vulnerable for transition periods between projects. Plate assembly doesn't matter so much. You can throw on the next plates quite easily and continue there. What you do have to do is have some adjustments in the assembly hall. But for example, on the next project, we already have started the production quite a bit actually on the top sections in Roermond.

Roermond is already - that's the nice thing about these two sites. The top sections for the next projects are already in the manufacturing phase together also with smelters, the outfitting of steps, etc. The first ones are coming to the Maasvlakte, I think, next week or the week after already.

Tijs Hollestelle: That's exactly my question that you're not going to be surprised, this project is not so complicated and then.

Fred van Beers: There's a real nice sort of.

Tijs Hollestelle: Stepover.

Fred van Beers: Stepover mechanism that is now in place.

Tijs Hollestelle: That will also be the case for the years to come. That's the way now it's been structured.

Fred van Beers: Yeah. And the way we - yeah, that's the way it is, yeah. And of course, we always build in some time for that, but that doesn't necessarily mean that we actually need it. Also there, we have to be on the cautious side. The biggest nightmare of this business is that you are blocking or putting too much volume and blocking your planning so much that once you have a delay, you never get out of the delay anymore. That is why we have on the 70% and 85% for '26 and build in still sufficient time in between projects in order to have a buffer for something that is actually happening now.

Tijs Hollestelle: Okay. That's helpful. Then also a question on the balance sheet, and maybe it's in the press release. But looking at the outlook this morning, it took me a lot of time. I had tears in my eyes.

Fred van Beers: The only one.

Tijs Hollestelle: The perpetual bond, I think you already repaid some of the perpetual bond, the advanced factory payment. Did you also do that in the last two quarters?

Ben Meijer: No, no, no. Indeed, part of it indeed was part of the cancellation agreement with Empire 2 and no further repayments during the end of 2024.

Tijs Hollestelle: What's your planning for this year on that?

Ben Meijer: Well, what we try to do is more like it's discretionary on our end. But what we try to do is try to repay it at the end of 2025. That is our intention. The reason for that is that also beginning of 2026, you have to pay an interest number of Euribor plus 5% on this instrument.

Tijs Hollestelle: Yeah, it increases quite quickly. Therefore I'm asking. Basically the same question for the preference shares. What is your planning in the repayment schedule?

Ben Meijer: That will be the next step. First, indeed, it's more like the perpetual, the perpetual bond because it's the most expensive instrument. After that, the next step will be to compress.

Fred van Beers: Somewhere '26.

Tijs Hollestelle: Yeah. Then also a bit more feel for - because the negative trade working capital also surprised me. It was quite high. That gives you more leeway on the balance sheet in general. In theory, if your, let's say, preferred contract becomes a final one, you might also receive prepayments at the end of this year for that one. Is that something that's possible?

Ben Meijer: It's possible. What we saw indeed is at the end of 2024, we have the advanced factory payments. If you remember, part of the financing solution total €100 million. At the moment, still €75 million roughly is included. €70 million, apologies for that. €70 million of the advanced factory payment is still included in your working capital position, and this will be offset during 2025. It's related to the Empire 1 project and to the Ecowende project. This will be offset in 2025.

Then an additional prepayment in relation to a project that will be executed in 2026 came in at the end of 2024, also a significant number, which is also reflected, of course, in your negative working capital position. This is a policy, of course, that we're going to continue. In the end, what we always said, cash is key. It's in every business, but also in our business. Also when you do a new project, you always want to be cash flow positive.

Tijs Hollestelle: Yes. You managed that well. But your question is, let's say, if the production is ramping up successfully and you have, let's say, the prepayments early, you could also, let's say, redeem those kind of debt instrument.

Ben Meijer: That could be part of the solution. Yeah, absolutely.

Tijs Hollestelle: Okay. That's helpful. Then some basic questions on what do you expect for lease payments this year and the same for CAPEX, roughly?

Ben Meijer: For lease payments in total because then you need to include indeed the Maasvlakte. You have indeed some equipment that we are leasing. February roughly, I would say, at the moment, a number of €15 million to €20 million. That's the range I will give at the moment.

Tijs Hollestelle: CAPEX.

Ben Meijer: For CAPEX, maintenance CAPEX, so without the last pieces of P11 that needs to happen, that needs to be paid. Maintenance CAPEX, we always mentioned a number of around €15 million.

Fred van Beers: €15 million, 1-5.

Tijs Hollestelle: 1-5. Plus the loss of the expansion.

Ben Meijer: Exactly.

Tijs Hollestelle: How much is that roughly?

Fred van Beers: Few millions.

Tijs Hollestelle: In Q1.

Fred van Beers: Yeah.

Tijs Hollestelle: Okay. Thank you.

Fred van Beers: Yeah.

Thijs Berkelder: Thijs Berkelder again, ABN AMRO-ODO BHF. I missed the slide on the competitive landscape. Can you maybe surely explain what's happening?

Fred van Beers: It's a good point.

Thijs Berkelder: EEW, SeAH, Bladt, Steelwind, Titan and in Spain, maybe on what's happening at Dijon.

Fred van Beers: Well, Dijon and Chanute are full-fledged on the European market. That's very clear. They are successful with some developers, and there are others that simply don't want to take the risk. But they take a fair bit of the market, I would say, roughly 10%, 15% at the moment. This supply is not mentioning the individual ones.

So Dijon, the big question is, will the level playing field actions that are being taken by the EU now materialise soon? And the expectation is that it should happen this year. How do they then affect that? What we always should remember is that whatever is being done, there are two elements that will be there forever. To what extent is steel subsidised in China, which has a big impact on the pricing of the monopiles? The other one positive for us, even if they do the transport themselves, they have to pay for the transport to bring the monopiles here. That's quite an expensive one, transporting these things.

That's on the Chinese. But we take them serious, but we are also not panicking because we know we can compete with them on not only price, but on many other angles, especially risk related.

Then EEW now in Rostock has a partnership or a joint venture with Sumitomo. They probably are investigating possibilities, and we know them and appreciate them as a very experienced and reliable competitor. They also look at the same market numbers as we do. Well, let's see what they do with that. I think what's helpful to them is that the diameter growth has stopped to some extent. They probably are a longer period than initially expected in the sweet spot of their factory. There is still a healthy development on the Baltic Sea.

We think that they will continue to be a, how to say, professional competitor. Steelwind is doing great in there, but they have limited volumes as before, but they are very stable. They're very experienced in the meantime, and they write black numbers to our knowledge. They deliver a good product. They have been affected a little bit by the US market, we think, but they're good where they are.

CS WIND, former Bladt, I think, is still in a question mark what will happen there. But they have had their problems, and we haven't got any indication that that has been solved so far. But in our view, they have some challenges.

SeAH, we've seen probably all the nice pictures with the king. What stroke us is that the factory, yeah, it is there, but we couldn't see too much proof of to what extent they have been able to ramp up. The number of cans and cones was limited at least from the pictures. We could imagine also based on our own experience that they are facing some delays in the ramp-up, which I think is logic. But they, in our view, will make it happen. SeAH will make it happen.

The owner, SeAH Korea is a strong company with a lot of knowledge on steel welding, steel handling, and they may take a bit more time, but they will get there. The UK market is strong. It's a very big ambition they have over there. CFD 7 looks very interesting with 27 gigawatts expected to be put in. That's quite a bit. Let's see how that works out. SeAH alone cannot do that.

Then if we go to the Spanish ones, I think Haizea is doing its thing quite nicely. Whether they are at full speed? I don't know yet, but I think they are good. Windar, Navantia may struggle a little bit more at the moment, although we haven't got indications that they are in trouble. They have had their plans to develop more in Spain, but I don't know to what extent that will be delayed or not, given the market situation we're in.

But overall, I think my pledge is here also that I really truly believe that it's very important that all these European players are successful in order to make sure that we the European supply chain can deal with the ambitions we have in Europe and doesn't allow outer EU fabricators in too much.

Thijs Berkelder: In Titan, they also made a quite large CAPEX announcement?

Fred van Beers: Yeah, interesting. And a very aggressive ramp-up programme. I think by the end of '26, they want to be up and running. Let's see. Cuxhaven is doing a lot in developing the area and the plot, so that probably can benefit from that for sure.

Thijs Berkelder: Yeah. Then you're indicating you are looking at Asian steel as well. What kind of savings should that bring? Or should we read it more that Dillinger no longer has the capacity to supply all this?

Fred van Beers: Dillinger has sufficient capacity. That's not the issue. We prefer Dillinger, because they are a partner. We know exactly the material that's coming, etc. But in a market short term, that is a bit more tight, we need to be also careful that we're not blown away by competitors that are using Asian steel, not Chinese. I won't tell you where we'll get it from, but not Chinese.

We are looking at ways to sort of keep or just, what is it, respect our partnership while also bringing in some Asian steel to make sure that we win the deals that we are working on. But it's not a preference because you have to deal with transport. You are looking at a lot bigger batches. So from a cash point of view, you also have to be treated a little bit different. But the difference can be up to 10%, 20%. Philip?

Philip Ngotho: One further follow-up question related also to the question of Tijs. You discussed the competitive landscape. But at the same time, also we have seen, of course, all your clients as well, also under pressure, the project economics are not working aside from whatever is happening in the US, but also in wind farms in Europe that are struggling. Do you see in any case kind of pricing pressure maybe as well from your client side in these new projects that you're tendering for?

Fred van Beers: There's always pricing pressure because nobody wants to pay more than needed. On the other hand, we see more and more developers looking at a balance between pricing and risk. In that, that's on one side. We also see a stabilisation in these costs, in my view at the moment. But on the other, what's more important in my view is also that we see that the levelized cost of energy discussion has come to a bit of an halt. There's not this endless push downwards on energy anymore.

This €50 to €70 bracket per megawatt hour is sort of becoming our standard. There, it's more about double-ended CFD sort of mechanisms that make a business case easier to fly and not being too overly ambitious in looking at system integration or ecological aspects that do complicate tenders quite a bit, which we, for example, have seen now on the [inaudible] [01:13:34] especially beta is quite a tricky one for the developer to deal with one gigawatt electrolyser that is actually not having the offset as it initially was planned for at this moment.

This has, as you know, a lot of delay in hydrogen, meaning also delay in the offset for that thing.

Philip Ngotho: And one of the clients [inaudible] [01:13:58].

Fred van Beers: Yeah. So you start complicating the development of wind a lot. So we have to look at all these aspects. Supply chain pricing coming a little bit more to halt. I think the big part here is OEMs, what can they do? Because they also had to ramp up. What nobody in this industry, I think, should strive for anymore is going back to four, five years ago where the whole supply chain was at the edge of being a loss-making or even more. That is not sustainable.

Here it is also the matter of, okay, to what extent indeed, our subsidies coming in through the double-ended CFDs. Whereby I said it before, but double-ended CFD basically is an insurance policy. If you look at the double-ended CFDs in the UK, the majority of them actually never had an actual pay off subsidies because the market sort of fluctuated between the bandwidth. But for a developer to take an FID, it's a very strong mechanism to limit this risk. That's why this is a cool tool to roll out in a broader way to Europe, which I think is happening. It's a lot of factors that are coming in here into play.

Then last but not least, I think a very important one is the ramp-up of grid. The grid connection and electrification that has to take place that will happen. That cannot take place because grid has not been expanded, which is now in - yes, in certain countries like the Netherlands happening, which should, in my view be done a lot more aggressive in order to deal with that. Those are more important factors. Come up.

Thijs Berkelder: Still possible?

Fred van Beers: Yes, sir.

Thijs Berkelder: Your guidance outlook probably assumes electricity and gas prices staying roughly the same.

Ben Meijer: For 2025, we have locked in energy prices. So there is no risk over there.

Thijs Berkelder: Yeah. Let's say, the new stimulus package being introduced in Europe, Von der Leyen announcing that gas and electricity prices need to come down drastically to compete with US.

Fred van Beers: For steel industry, yeah.

Thijs Berkelder: Yeah.

Fred van Beers: And we all should then. I think the steel industry gets some special benefits, but it's not a significant one.

Ben Meijer: As for the impact, it indeed is rather limited to Dijon.

Thijs Berkelder: Yeah.

Fred van Beers: Yeah. Also noting that you believe it or not, but we do expect our turbine to really start delivering power this year really. We are looking at a possibility of a second one to make sure that we have 100% own electricity directly connected to our distribution station, which should help us also a bit in dealing with electricity fluctuations. Because the gas consumption has reduced quite a bit, everything is on electricity. Any more questions? Martin, No? Anybody? Online? Phones?

Ben Meijer: Who is in Teams?

Speaker: Can you hear me online?

Ben Meijer: Yes. Hi, Sean[?] [01:17:36].

Speaker: Yeah. A couple of questions, if I may. Just wondering about the tender pipeline. I mean, we had a record year of auctions last year. I mean, how would you define over the next 12 months, your tender pipeline versus 12 months ago?

The second question, more just around the kind of the international landscape. Clearly, with the US market now being on hold, I mean, I suppose, is that the end of kind of any international ambitions for you guys? Is it just Europe going forward? Or are you still interested in further international expansion?

Fred van Beers: To start with the last one, good point. Yes. I mean, we will not announce a big production facility in the US in the short term, for sure. We have mothballed any initiative or R&D for that part of the world for at least four years, I think, at least, if at all. We constantly monitor the rest of the world.

I mean there is quite a lot of activity in Brazil. Australia is picking up. India has been picking up. All of them are not in a stage that would justify any spending of time and money on building business cases for these areas. But we definitely keep an open eye on the global development in offshore wind.

Having said that, our primary focus now is and will remain, for the coming years, the European market. Because that still is the strongest and most reliable market so far in this dynamic world. That's on that one. But we keep an open eye on that, and we continue to also support our Korean friends from GS Entec in that respect, that also faced with delays in the Asian market development, but still are ramping up a new facility. Definitely, they get our support on that.

On the tender process, the tenders that we do see are priced 100% European tenders, UK and European tenders, both North Sea and Baltic Sea, Irish sea, that are very strong for '28 onwards, beginning of '28 onwards. Up till '28, tender activity is rather low.

And if you would compare that to one year ago, basically, it's still equally high, but all four tenders one year later. Does that answer your question, Sean?

Speaker: It does. I suppose just thinking ahead to '27, it's good to know that you've got €190 million under negotiation. I mean, do you think there'll be challenges to filling '27? Are you looking more towards '28 to being year where you're more relaxed about –

Fred van Beers: If I may be a bit more precise, we have €190 million under preferred conditions, but there is more in negotiation. So for us, €190 million is not a sort of a stop for 2017.

Ben Meijer: 2027?

Fred van Beers: Did I say '17? '27. Bloody hell. Making the same mistake, yeah, you did say so for '27. Then your last question was? I forgot.

Speaker: That was all of my questions. Thank you.

Fred van Beers: Okay. Thank you very much for asking. Any more questions?

Speaker: From my side here, Fred. [Inaudible] [01:21:42] from Clarkson Securities here. I was just wondering about, obviously, the difference between EBITDA and adjusted EBITDA expanded quite a lot this year compared to 2023, which, of course, is explained by the line item. I think you called something along the lines of research and preparations for required adjustments and expansion of production facilities, which makes sense, given the new expansion of the new facility. My question is, how do you expect that one to look going forward? Will we see a normalisation already this year? Or do you expect that to be a meaningful item also in 2025?

Ben Meijer: Expectations will be at a significant lower level in 2025 because indeed, the ramp-up and also the preparation has come to an end already, but also the ramp-up will come to an end. So you will see a significantly lower number for 2025. You will still see some impact there, especially during the first quarter because you're still in the ramp-up phase. After that, it will go back to a normal level. That's the expectation.

Speaker: Thanks. That’s it from my side today.

Fred van Beers: Good. Thank you. Anymore? Nothing. If not, then thank you again for an interesting and quite dynamic session. We're looking forward to see you all back again in two months from now, where we'll do our best to give more clarity on how successful we are. With those words, I close the meeting. Thank you all.

[END OF TRANSCRIPT]