Sif Full Year 2020 Results

Friday, 12th March 2021

Transcript produced by Global Lingo
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www.global-lingo.com

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Leon Verweij: Good morning, and welcome to our 2020 Full Year's Presentation of Sif Holding. Today, our CEO, Fred, and myself, Leon Verweij, as CFO, will elaborate on the highlights of 2020. First, Fred will elaborate on the operational and social and environmental highlights. And afterwards, I will say a few words on the economic and financial results.

With us today in this webcast are sell-side analysts as well, which will be given after the presentation, the possibility to ask questions. If you are following this presentation or this event through the webcast, you also have the possibility to ask questions. And please use the button for this purpose.

Today's agenda deals with Sif performance in 2020 and outlook in the years ahead. Fred will first talk about the operational highlights, social environmental and then I will do the financial. So I give the word to Fred.

Fred van Beers: Thanks a lot, Leon. Good morning to you, all, as well on my behalf on this special COVID-proof event. Let's see how it works out for all of us. And I would like to start my first slide to talk a little bit about the market.

I guess it's no secret to none of you that offshore wind predominately is our main market as we speak today. And during 2020, we saw a rather busy year and an interesting year. Six projects we completed or started up with. And I'd like to highlight three of them because I think they have an interesting strategic element in them.

The first one is Triton Knoll. Triton Knoll, as you all know, is the first project, whereby we also saw a significant part of the design and detailed engineering. And that worked out well. It worked out really good. And it actually gave us the confidence that stepping in to the design engineering skill is an important one for our long-term company perspective. So that's the reason why we were able to start negotiations and wanted to start negotiations with KCI, the engineers, whereby we announced the end of 2020 that we would like to acquire them and hopefully soon we can announce that this acquisition is completed.

The second project I'd like to elaborate on is Borssele 5, two monopiles for vineyards, but two monopiles with innovative features in them. One of them I'd like to highlight, that's the slip-joint connection which gives the possibility to actually go to deeper waters with monopiles as you can put basically two monopiles on top of each other with a very robust and reliable connection as we see today. The first results of the tests are really good.

Third project I'd like to elaborate on is Borssele 1-2. Why? Okay. We manufactured half of the monopiles. But more important also from a strategic perspective is the fact that we were able to complete our marshalling and logistic services around that project according to plan, budget, and in line with customer expectations. And it's a good and strong basis for our future growth in marshalling and logistic services.

Last but not least, innovations, always important, and I already mentioned the slip-joint. But the other one is the Skybox feature. The Skybox, we worked on quite hard over the course of 2020 and we do expect to soon get the type approval and open the market for sales. Basically, that's already going on. But also, this one I think illustrates that innovation, yes, is important, but it also takes time to gain confidence in the market on these specific items.

Next slide is a bit more on 2020 and operations. We started off with quite a challenge. Vineyard Wind, 105 kilotons was taken out of the order book, given the fact that the environmental impact study for the customer was not released. Only last week, in effect it was actually released. Let's see when it comes to closing now again. But we had to fill a gap. We managed to do that. And I think this shows the flexibility and creativity in our organisation. We managed to close a deal for Akita-Noshiro 33 monopiles and transition pieces, first project ever offshore wind in Japan.

We did that successfully, as you can see on the bottom right, the load out of the monopiles in Japan, winter time. And that that was a good one for us but it was a rather small one. So we also had to do something else. And that was done by pulling Saint Nazaire a bit forward so that we could start earlier. And as a consequence, could also start earlier with the Hollandse Kust Zuid project.

That, in the end, resulted in 78 kilotons for the first half of 2020, which is quite good, given the fact that we also were faced with COVID. COVID-19 hit us hard. But you don't see it back so much in our results maybe but we had to take very robust and stringent measurements. We immediately set up a COVID crisis team, sent home people that we had a little of suspicion that they may be infected or could be infected. And that led to quite some big challenges in our operations of course because you don't have welders on every corner of the street.

And this is maybe also good to also look a bit forward, which is still impacting us today. And we're very conscious of the fact that COVID isn't over yet that we are faced with probably a third wave. And that we have to be very careful in exaggerating on expectations also for '21 with this – on this respect. Anyhow, we managed to successfully go through this and that was good.

Then looking a little bit towards the future. Tender activity was extremely high in 2020 and it's still high. And it was quite a interesting strategic balancing act to win the right orders for Sif. Given the history in Sif, given the experience with Vineyard Wind, we thought it was very important to make sure that we get robust orders with very – that are reliable that we don't have – we have limited risk of being delayed. And we believe that we succeeded in doing that by acquiring Dogger Bank A and B. And on top of that, we're very proud of that the order of Hollandse Kust Noord for Van Oord, a Dutch programme, which is basically at our doorstep – will be built at our doorstep.

All in all, 260 monopiles, 190 transition pieces, 330 kilotons, which gives us a very strong and robust basis for the near future.

Diving into the results. First of all, I'd like to highlight again COVID-19. It has been with us, like all of us, with all our families with us from our people but also with our partners, with our customers. And we constantly are monitoring how the developments go and we constantly stay very proactive in dealing with COVID. To give you an example, next week we will start with the five-day cycle on testing everybody in our company. It's, of course, a voluntary one but we will ask everybody to participate, in order to secure again that we do everything what is in our power to keep COVID out of the house.

Our proactive approach also led to a challenge, as said before. The sickness leave went up to 10% in April and May due to the fact – mainly due to the fact that we sent people home although they were not necessarily ill. We wanted the preventing.

Overall, 2020 saw a sickness leave a 5.5%, which is substantially lower than last year, and bearing in mind the COVID impact, a pretty good achievement also showing that our approach in how to deal with people, how to take care of their well-being is working out quite well.

All in all, we also had to produce. And that led to a production output of 164 kilotons, which is more or less 20 kilotons less than 2019. I already explained the reasons for that mainly during the first half of the year. And we saw a very good quarter in 2020. Leon will come back on that one later on.

I haven't touched on it yet, but safety besides COVID health is a high priority on the management team agenda. We decided to start monitoring not only the lost time injury frequency but most of all the total recorded injury frequency because there you also see the smaller incidents, which in the end can lead to bigger incidents. We have said it should not exceed 13 at the end of 2019, and we have achieved 9.9, which in our view is a good achievement, but we're not there yet.

So we are also investing more in dealing with safety and preventing our organisation also from near misses, etc., on the safety side. Because in the end we too – the two of us but also the management want to make sure that our people go home safe and in one piece. And the other site, second priority, it's a license to operate in this very, I would say, dangerous or challenging now and then business.

One that we saw coming up which where we firmly believe in as well of ourselves is environmental and the whole discussion also in society about environmental. We are 100% more or less active in renewable energy. So we also do believe that we, at Sif, have to take a more prominent and clear view on how we deal with it. That means that CO2 emission is an important one for us and we want to reduce our CO2 emissions drastically. That means that, for example, although we are now already a net provider of CO2 compensation, thanks to our HaliadeX 12 megawatt turbine sitting on the premises at Maasvlakte. We also believe that in our primary processes we should do more and can do more, meaning that we aim for a total CO2 neutral primary for our production process by 2040. And for this year, we will already initiate two initiatives. One is replacing our gas heat preheating with electric induction preheating and the other one is talking to our biggest partners, steel supplier, flange suppliers to see what they do on the CO2 neutrality. And maybe you have seen also the messages from Dillinger Hütte this week, whereby they have also launched quite a big programme to reduce their CO2 footprint.

And last one on this one is that we are taking initiatives, also with the help of our probably new colleagues from KCI to take a look at circularity. How can we deal with and support the decommissioning of obsoletes or out-of-order wind farms, which we expect to happen in five to 10 years from now in a 100% circular way? That's an initiative that we have taken up now.

With that, I'd like to hand over the floor to Leon. Leon, up to you.

Leon Verweij: Thank you, Fred. And, again, good morning to everybody that's joining us. As you might recall from previous presentations, one of the major KPIs for us is the contribution that we realised during the year. That is due to the fact that that excludes the steel component in our turnover. And as you might remember, the price risk on steel is passed on to our customers on a one-by-one basis.

Total contribution, of course, in 2020 was almost comparable and almost the same as in 2019. And that combined with a notably lower production output measured in tonnes, which to a large extent, of course, was due to the fact that our vineyard job was cancelled and we had to be flexible and creative to fill that gap. That meant that we achieved finally a contribution per kiloton which is more than 12% higher than in 2019.

Combining that with a strict cost control and improving efficiency throughout the company that resulted in almost 20 – or more than 20% higher EBITDA in 2020 in comparison to 2019. That all results in an earnings per share of €0.29 which is also up 31 – almost 32% in comparison to 2019 and we will be proposing €0.12 dividend per share to our shareholders in the upcoming shareholders meeting.

As it became apparent in the end of Q1 2020 that COVID would dominate the world theatre for some time, we also had to take considerable financial measures to deal with that situation as well. Where possible, costs were minimised and CapEx was brought back or brought down to the bare necessity; and with bare necessity, I mean that we only spent CapEx, which was necessary to carry out our order portfolio.

This all resulted in the situation that we didn't, at Sif, need to make use of any government support programme or deferment deferral of payments to tax authorities or whomever. And since the environment was quite challenging, we thought it was a very good idea to start discussions with our banks to extend the term of our financing facilities. And I must say that we managed to do it at the beginning '21 of this year, but we now extended our banking arrangements with two years. So the expiration date is now February 2024. And I must say that the conditions remained unchanged.

Going a little bit into our net debt situation. Net debt, of course, is – with Sif very much influenced by the level of CapEx, level of working capital, and of course, the pay-out of profits as we all know. What we show here on this side is that we managed to get our working capital in 2020 to a negative figure as well as our net debt figure. And, of course, in this situation, we consider negative to be a good thing instead of a bad thing.

That all resulted in a negative net debt. But not only at the end of the year but all the measures we took, we managed to stay in a net cash position all year round. Like I said, we very much brought down our CapEx to the bare minimum. You can see here how much it differs from 2019. And, of course, we can't sustain that. But for 2021, where we still think the environment in which we operate from a COVID perspective at least very challenging.

We will again be very careful with what we spend but with the orders in hand our CapEx level will be higher than the 2020 level and will be around €15 million.

Our return on average capital employed came out in 2020 on 18.9% in comparison to the 8.3% in the year before. We measured it, this is on the basis of the EBIT earnings before interest and tax. On the average working capital – sorry, average capital employed during the year, and that excludes the IFRS lease obligations since they don't really represent a capital employed item.

And on that note, let me say that at this moment – and I go back on the slides, so you can see that we didn't rehearse too much. We have a well filled order book, which gives us a stable financial situation in normal circumstances for this year and the coming years. What we've also shown is that our contribution margin per tonne goes up and that reflects more or less, let's say, the interesting market situation we are in where the market is starting to realise that production capacity with all the ambitions that are in the marketplace concerning offshore wind is becoming scarce good.

Fred will talk about that a little bit later, but that gives us, let's say, a situation where it poses challenges but also opportunities going forward.

Having said that, maybe a last word on KCI. Fred already mentioned it. We announced that we will be acquiring this engineering company. Well, we will not be disclosing any financial details on the acquisition as such, but it's only fair to say that, let's say, it will not affect our ratios.

And on that note, I hand back to Fred.

Fred van Beers: Thank you, Leon. And I'll pick up a little bit on what Leon already talked about, and that is the future. Before doing so, we look back. For the last 20 years, this picture shows how the development was, and we've seen this picture before. And I think this picture hasn't come to an end yet. But it's a market quite, I would say, fascinating in how it's rapidly developing in size, in volume year-on-year.

And, for example, the order book we have is good. That's very nice. We have the full till mid-2023 and we have good hopes that that will may be extended a little bit more in this year with projects actually in the same sort of diameter weight range as we have booked so far. All based on turbine platforms, more or less up to 13 megawatts, which is the HaliadeX now as we have it also on our premises.

But post '23-'24, we clearly see that we will go to the next level, meaning turbines from all three main turbine suppliers will be somewhere in the range between 14 megawatt to maybe 16 megawatt each. And not only that, but these turbines will be placed further out from the shore site and will go to deeper waters as we've seen also in the past. And that has an impact. That has an increasingly bigger impact on the foundation choice and installation process.

We are very conscious of the fact that this step change may not be a similar step change as we've seen in the past where we simply pump up, so to say, the engines. And that meant – means that already last year we started with a very intensive study going basically through the whole process of our production – production processes, production technology, and want to have a very clear understanding on the impact of this development, of what the impact of this development is.

We do that – we don't do this alone. There's basically two very important inputs. Our experience, our experience in increasing the efficiency of our production layout, but also external support, whereby we hire or work together closely, very closely with external experts whether it's universities, companies, process specialists to come with a very robust and clear understanding and plan basically of how we should further develop our company.

And given the fact, we've mentioned it a few times, that we have a robust mid-term order book, it also gives us the time to carefully complete this study, carefully study the outcome of it, and make our plan for the future. The market is robust, predominantly, I would say, Europe. Europe is the most reliable market at the moment, I would say.

But US is opening up quickly now. Under the Biden administration, you see a more or less 180 degree turn in the whole renewable market and offshore wind specifically. And we follow this very closely like we follow it with an increasing, so to say, interest. Asia, we continue to follow, as before, the developments in Japan. They are slower, but they go on a steady pace. With Akita-Noshiro, we achieved a very important milestone in that market, and we further look into that like we have done in the past.

With that, I come to my last slide. The market growth in 2020, when you look at grid connection, as seen, has been at an all-time high, 3.6 gigawatts out of the 6.1 gigawatts that was put on the grid globally last year. But these numbers are still relatively small when you compare them to the ambitions. 2030 goal is 112 gigawatts or 235 gigawatts globally. 112 gigawatts for Europe alone.

But under the Green Deal, Europe has released new ambitions which go up to 300 gigawatts by 2050. UK, 40 gigawatts, which is, as we all know, nowadays not part of the EU anymore. That is not coming automatically. That development will not materialise easy. That means a lot of supply chain challenges whether it's blades, turbines, towers or foundations. We all have to scratch our heads a little bit of how we do this and we see a lot of initiatives now coming to the market.

We're looking at competition. You can read more or less on a monthly basis what new initiatives are coming. We follow them closely, of course. And as said before, with our impact study, we have a strong belief that we will be able to prepare or are actually preparing ourselves on a robust basis for this growing demand. That's all about wind.

The oil and gas, unfortunately, is a completely different story or the opposite story I would say. Yes, oil prices are increasing and developments are going up a little bit, but we don't see any real activity yet in that field when it comes to new rigs or new platforms to be built in what is our home market, the North Sea.

And that means that we have taken the decision to really embed this question, which we see as a long-term challenge for oil and gas, embed it in our impact study and see how we can in one way or another maybe create still a line for the smaller tubes because there's still a need for pin-piles for offshore wind jackets, smaller jackets in oil maybe, but not on a constant basis. So we're taking that very much into account.

Looking at 2021, because all these ideas and plans for the future are great, in the end, we need to deliver also in 2021 and serve the market well, all markets. It's – on '21, the focus is on output excellence I would like to say. Output of 185 kilotons basically 100% in wind and an EBITDA that is markedly higher than the EBITDA we achieved in 2020. Again, I think we mentioned the reason for that already. The main one is that we want to be very conscious of the fact that this COVID pandemic is not over yet. And we have a full order book that if we don't have the people which in the end is our important – most important asset, cannot be made available. And we see that happening quickly.

A small contamination also already leads to a big population going out of your company and that has an impact on our input, whether you like it or not. So we always have to bear that in mind, we believe, in these very difficult and sensible, I would say, sensitive times.

Come to the end of the presentation. Leon, I think you don't have any surprises on this as well. So I would like to hand over the floor to the audience and open the floor for questions.

Leon Verweij: Yeah. And we agreed before I answer that we will first answer questions from the analysts which we can hear in audio. And also that we will turn ourselves to the questions that are already coming in via the website so that everybody is not forgotten. So are there any questions?

Questions and Answers

Operator: Yes. We do have some questions coming through on the phone lines. Before we take the first question, please be reminded if you would like to ask a question, please press star one on your telephone keypad. Please ensure that your line is unmuted locally. You'll then be advised when to go ahead with your question. The first question today comes from the line of Henk Veerman calling from Kempen & Co. Please go ahead. Your line is unmuted.

Henk Veerman (Kempen & Co): Hi. Good morning, all. Thank you for taking my questions. I have quite a few, but I will limit myself to three, and maybe I can come back later with the remaining questions. So firstly on the, let's say, the programme that you also announced today, the programme to address the above nine diameter on monopile announced in the future. I appreciate that, yeah, you will give us more colour in the spring. I think that is what's being said in the annual report as it gives you more colour in Q2. But could you already now, I mean it sounds like you didn't quite elaborate on both of research which sort of tells me that this will be quite a sizable programme. Could you maybe confirm that this is like this is still the totality of this programme is above, it's let's say in the range of €50 million CapEx or even €100 million CapEx, which kind of size should we think about? And then also to follow-up on that will be I appreciate that you don't give an exact time line but until when do you have to finish this programme? So when do you plan to be fully prepared for these demand? That's my first question.

Fred van Beers: Okay. Thanks, Henk. Yeah.

Leon Verweij: Fred, you take that one?

Fred van Beers: Yeah. Thanks for asking, and of course, we understand the question. But I think this is the principle of the fact that you do a study, so we don't know yet. And to give you a bit of colour on that, the study also takes into account production technology. So we said okay if we look at this now, let's look at it from a more or less white sheet of paper. So also look at our welding processes, how do we do the rolling. And we're in the midst of that. We have more or less concluded on the technicalities with the give or take here and there.

But now we come into the phase of actually also doing the math on that. What does it bring from an efficiency and a production output in relation to investments. That means long answer to your question, no, I can't give you a number yet. But that also means that we have said we strive to come back to you in spring, but maybe it has to be a little bit later and we'll see when it comes. But unfortunately I can't give you any more flavour or colour on that than what I've just said.

Leon Verweij: I mean, in addition to that, we're not only studying technology from a white piece of paper but we are developing different scenarios as well. And I think that at the moment about maybe five or six scenarios being studied. So you can imagine that it takes some time and every scenario has its pros and its cons and its costs and its benefits. So that's the reason why we can't at this point of time elaborate any further on hard numbers.

Fred van Beers: I think also an important one to mention here is that in the end we should also deliver a product that creates value for the customer and ourselves in the right pace as to the right numbers and output in production at a cost base that is, of course, still compatible and comparable with other solutions in the market.

Leon Verweij: Maybe, we – if I maybe so bold, can combine that with one of the questions that came in through the website. That goes to the risk and reward side of things when we're talking about a 15-megawatt plus space. So the question there is, so if we could elaborate a little bit on our competition in that field and on risks in the future and the expectations we have as far as, let's say, the rewards from that site if we go to that direction in the sense of where do we think contribution levels are going.

Fred van Beers: Thank you, Leon. By the way you look at me it means that I have to answer that one?

Leon Verweij: No. I'm happy to do part as well.

Fred van Beers: On the competition part, we've probably seen and some of you've seen the announcements that some of our competitors are quite easily in our view disclosing diameters like 13, 14, up to 15 metres I even saw, whereby we, being maybe a little bit humble, but based on our experience, believe that that is quite a bold and challenging announcement. The other thing is that based on our experience we've always said we'd like to get more in-depth knowledge of design engineering.

We've seen now, we tried to know, and also through our acquisition of KCI, that by taking a slightly different design approach and going a little bit more into the combination with your predictionability, you can probably do a lot by less diameters. So that is also what we take into account here.

But from a volume perspective, we do believe that if all the initiatives that are now being announced are successful in them setting up their facilities, that the demand in the market is such that there is still more demand than maybe capacity to fulfil this demand.

Leon Verweij: Maybe, Fred, if I may interrupt you, we sound a little bit careful in the way we are approaching this. And to be honest, we've seen in the past year, a year and a half, we've sort of seen two of our competitors diving into this large diameter market. And it – I think it can be said here that we know that both tries, let's call it that way, from a financial perspective were not a big success.

So that's why we are very careful. It doesn't mean because it was part of the questions here is that we are not – that's already on the back of those studies we're doing, testing the market as far as pricing levels are concerned because the tender requests we're getting today are, of course, for deliveries in '23, '24, '25. And what we already see is that majority and maybe almost 90% is already going to above nine metres.

Fred van Beers: Yeah.

Leon Verweij: So we have to test the market as far as pricing levels are concerned. But it's really testing at this moment. So if we wouldn't mentioned a number, yeah, it doesn't mean that much, yeah. But we are testing the market sometimes at levels above 50%, above current contributions per tonne.

Fred van Beers: So in earlier discussions, we've always said that €650 per tonne should be realistic, maybe even higher. But we also have to bear in mind that it is, of course, for orders beyond '23.

Leon Verweij: Going back to Henk.

Henk Veerman: Thank you. Second question is on your cash flow statement. I think you also mentioned this briefly is that despite a favourable impact in the second half from other current liabilities and the CIT payable, what is the total amount and to what extent will that reverse in 2021?

Leon Verweij: Well, like we always say, it's hard to predict because it's a moment in time where you measure a certain situation. I don't expect, let's say, over the first quarter of '21 that we would go back to a net debt situation. I still expect that during the Q1 we can stay on a net cash situation.

And when you look at, and I guess that's what you are referring to, look at our balance sheet, the other liabilities in there, I think if you make a comparison to 2019, the difference is there that in 2019 included in the other liabilities was the amount that we had to pay for the Haliade-X on the Maasvlakte and that amount is still not payable. This is included in payables now because we actually received the invoice. So that's one of the differences.

And if you look at the relative position, there was nothing strange in there because it's a little bit high in comparison to last year or 2019, but that's again due to the fact that we took deliveries of a large part of the steel for HKZ 1 and 2 in November-December.

Henk Veerman: Okay. Thank you. I'll move back into the queue.

Operator: The next question comes from the line of Lotte Timmermans calling from ABN AMRO-ODDO BHF. Please go ahead.

Lotte Timmermans (ABN AMRO-ODO BHF): Good morning, gentlemen. One question on your EBITDA outlook. When I hear markedly higher EBITDA in 2021, I read 7% to 12% higher. First, is this correct?

And then secondly why only this percentage if it's correct based on higher production level in 2021 and two major projects facility and probably inefficiencies I would expect some more EBITDA. That was my first question.

Leon Verweij: I think that Fred touched on that already. I can imagine what you're saying. And maybe we would expect even maybe the same. But we are still in a very challenging situation and what we experienced at the end of Q1 and Q2, imagine that there was a point in time during the last year, where we had up to 30, 35 people sitting at home. That means that we can't get our teams filled up and we can't get production out as efficiently as we would like to.

And please keep in mind that we always, on the HKZ projects that we're doing now, were based on the fact that we would have an output of five monopiles a week. To achieve that, we need an optimum fill of our teams and planning. So if COVID throws us a stick in the wheel, then the whole thing changes dramatically very fast.

Fred van Beers: And not only with ourselves certainly as Leon mentioned, but also with our key suppliers. We are in constant contact with them. And that could lead to some hiccups we've simply taken into account, being a bit prudent maybe, but we believe it's only fair to do.

So if the background of your question is maybe is there some upside. Yeah, there is some upside. Yeah. But we like to be careful.

Lotte Timmermans: So that 7-12% is correct, right?

Fred van Beers: For you to decide what side of the mark 7-12% you take.

Lotte Timmermans: Okay. Thanks. Then another question is actually a follow-up on that one. Have you seen any trouble with hiring externally or do you also incorporate that in the budget then maybe and is this already a thing going on in Q1 also if you mentioned suppliers?

Leon Verweij: Please repeat because we couldn't quite understand it. Problems in hiring what?

Lotte Timmermans: Hiring additional employees or seeing any turnover in employees because you mentioned that it's mainly because of your teams and the employees potentially getting attracted.

Leon Verweij: What we've seen – first of all, on let's say the total labour force during the whole year of around 700 people, we had about 30 actual (COVID) contaminations of which at least 28 we are sure were contaminated in the private situation and not within the company. The actual problems we experienced with our workforce is that certainly at the end of March and April mainly our hired foreign workforce wanted to go home, which is quite understandable because they were afraid that there would be some sort of total lockdown in place where we would be forced, at Sif, to stop producing and they would be some sort of being locked up in Holland as well without any money.

Now, what we said is the last part we can tackle, we can just employ you, yeah, so that you have more security. But at the end of the day, and which I think from a human perspective we all agree on, they wanted to go home. So suddenly we had a large outflow of people and which certainly for, let's say, the production efficiency and production anyway in Rotterdam caused a major hiccup and a major problem. That has more or less stabilised. And Fred wants to add something to that as well.

Fred van Beers: Yeah. I think it's good to add to that because you trigger me on something, is that we – although we have maybe 500, 600, 700 people working, we only have – when you look at specialists, relative small teams. So if this COVID hits you in the rolling team, for example, for cones.

Then you immediately have sort of a stop in your whole flow and process. So that's why we're so cautious because a hit over there means it could mean 50% reduction in your output over maybe two, three weeks although it's only affecting a few people. So that's why we've taken this approach, Lotte.

Leon Verweij: And at the moment we don't have that much problems. We've been educating ourselves and, in the meantime, quite used to that we have the right permits, people passing borders etc., etc. But that can change in a wink, depending on what's going to happen with this third peak that everybody is expecting.

Lotte Timmermans: Thank you. That's very clear. It helps a lot. One last final question on pricing. You already mentioned that the contribution margin per tonne could go up to 650 beyond 2023 as well as a sharp improvement this year. What could we expect going forward for the coming few years? Could you give some colour on that?

Leon Verweij: We will do whatever we can to not disappoint you. But in our order book, but I think you have to be prudent. I think you have sort of already explained yourself what the few landmarks are in doing the interpretation.

Lotte Timmermans: Okay, clear. Thanks.

Operator: The next question from the line of Sean McLoughlin calling from HSBC. Please go ahead.

Sean McLoughlin (HSBC): Good morning. Thank you for taking my questions. I have two. Firstly, on the US. I just wanted to check around Vineyard. We know that that's come back. There's been a change in the turbine. Are you still involved in Vineyard? And more broadly, what are your thoughts strategically around the US market and maybe complying with local content requirements there?

And my second question was on Asia, on international expansion in the Asian subcontinent. Again, a similar theory again strategically are your current partnership do you think sufficient, or are you looking for actively for kind of new partnerships in new Asian market? Thank you.

Fred van Beers: That's about five questions, but thanks, Sean.

Let me start with Vineyard wind. This is a – it's an interesting one. Vineyard wind has a plan to start production of the monopiles in '22. Our order books are full. So although we would be very happy to help them in producing monopiles, we unfortunately can't serve them as it looks today.

We, however, are in, I would say, monthly contact, very close contact with the whole team of Vineyard wind and an open dialogue to see if and how we could support them because for them it's also a struggle to find the right partner that can sign up to quite heavy big monopoles for the US market.

So the good news here I think is that the US is not all about Vineyard wind alone. They have their Vineyard Wind 2 project, for example, which again the relation with the customer is excellent. But there are many more projects there. And we believe that initially the majority of those projects will be or should be delivered from Europe. Why? Because the infrastructure, let's not forget, it's not only production. It's also the whole infrastructure. The fact that they don't have the installation vessels.

Dominion has now started to build one. It's already delayed by the way. That will take time. That gives us also time to explore how robust now the whole support and supply chain can be build up there. The money is not the issue, we believe. But it's finding the right skills, how to deal with the unions in getting it all set up and what is the right partner to team up with.

So that's of course something that's on our agenda. That is something we follow. But in all this, we will never ever sacrifice on our home market in Europe given a huge potential that's there as well. So we always have to balance those two out. Deal with and support our reliable customers that also go global and how can we support them in that journey, stay stable and reliable in Europe. But in the meantime, also start developing in the US.

And I think the big difference between the US and Asia is that the US, you can still travel or supply from Europe. It's only 3,500 nautical miles. And the whole coast, the northeast coast of the US is 1,500 nautical miles. So, in whatever setup, you need to count in a lot of transport.

Asia, we've seen that with Akita-Noshiro is, of course, a different ballgame. It's what I would say longer, the distance. And so if you want to do something there, you have to find a real strong partner to build something out from the beginning. We still focus on Japan mainly because we see that one as the one that's furthest in row and most robust one and reliable one in their planning.

But of course, we see the initiatives in South Korea and Vietnam, Australia, India, they're all popping up but we have to be careful not to exaggerate here and run over ourselves.

Sean McLoughlin: Very clear. Thank you.

Fred van Beers: I think I addressed them all, didn't I, Sean?

Sean McLoughlin: Yes. No. Very thorough. Thank you.

Operator: The next question comes from the line of Tijs Hollestelle calling from ING. Please go ahead.

Tijs Hollestelle (ING): Yeah. Thanks, operator. Morning, gentlemen. I was myself rather pleased to see the EBITDA level achieved in the fourth quarter because there's been quite a while since you achieved such a level. So that's very positive. And I also like the fact that you are conservative on your 2021 outlook. I appreciate that very much because in the past we had some discussions on that. But what I found strange in your comments or answers to the ABN AMRO analyst, I think you're quite aggressive on your comments on EBITDA performance in the far future because I think in the past you have also repeatedly warned us that the historic EBITDA production levels as we have seen, let's say, before the Maasvlakte investments were no longer the proxy for future profitability yet because of complexity, steel thickness. I believe you mentioned a few of these characteristics. And now with COVID-19 is there but in all honesty in the last years, we have seen a temporary shifting of or timing of orders. I mean, you took in the low margin Borssele to fill that gap while overall prospects for the offshore wind market were quite good. We have seen the cancellation of Vineyard. That's out of your control but these things aren't. I think a characteristic of the industry you're working in. We have seen extra calls for transport and safety in Rotterdam. Low water levels in the Rhine for your supply to the Maasvlakte. The change in coating legislation.

So, I'm really struggling how to look at Sif as a business because I think everybody can see the huge growth potential of offshore wind. But if I take a negative view, you have one steel factory which you can probably – yeah, you can increase your utilisation rate maybe to 80% or 90%, which would imply growth, but that has not happened in the past years. And now again we go into 2021 and you are conservative, I understand that, but utilisation rates are still quite low. And then also linking that to the comments of Henk in the beginning, if the industry moves forward, there is a huge CapEx plan coming up. You have to change probably your equipment. So, you have downtime while you're doing that. And that is just to be competitive in order for the next phase of monopiles. So how should I look at this going forward because it's quite a lot of things moving parts going around. Can you – yeah, can you give us a bit more explanation on how we should look at that?

Fred van Beers: I can at least repeat a few of the remarks we made I think. But, Tijs, I'm very happy to hear that you also see that this is not a very easy business and you have to bring certain skills in and that's good. That's one. I think there's a few big game changers that we see now compared to what we saw in the past.

First of all, I think the fact that we are – we have been able, thanks to the quite big demand and thanks to the position we have at the Maasvlakte, to secure orders that, I would say, are extremely safe in their execution. Safe, given the fact what customer they are. I mean, with all due respect for the Vineyard Wind which is a start-up in a new market, that's a totally different ballgame compared to Dogger Bank and Hollandse Kust Noord, where we deal with very experienced customers. And that's one thing.

So very experienced reliable customers that have now filled up our order book. The reason why we are also a little bit careful is that we always have to bear in mind that in those days, '15, '16, there was a quite substantial oil and gas order book. That has completely moved away. And then, you know our premises, Thijs. You've seen that we cannot produce wind orders in our oil and gas factories. So that's why we are taking this very seriously in our impact study. So I think that's another element to bear in mind here in this.

And then, I can think of many others. That's why, also, the – I think the other part, if you look at the future why we are more confident and robust on this now is that the increase that we see or the production efficiency programme that we ran the last year, we learned there's a lot on where we need to deal with what sort of action in our new layout, so to say, with respect to logistics and handling of the different semi-finished products.

So, we have been learning a lot now and we're all putting together, and we are not exaggerating or rushing into conclusions before we're a 100% sure that the way we go now is the right one.

Leon Verweij: And I think I touched on it a little bit is that I think that the market circumstances really have changed. The demand is so big that everybody by today realises that there is absolute shortage in production capacity. Even if you consider all the announcements that have been made, which we've all have seen, if we don't take that into account, then still for the coming years, demand still is at least at production levels or above that.

And we see it in our daily negotiations and talks with customers that it's becoming more and more normal to accept that if you go into exclusive negotiations, that part of that is that there is a penalty if you finally don't close the deal and don't go to an AFC (approved for construction, red) status or a real start because, basically, we are selling production capacity. And that has filtered through into the market.

We see that on a daily basis. And I think that's also for us a big game changer. We've talked about that already for a couple of years. We now actually see it happening.

Thijs Hollestelle: And more specifically, I mean there is a real scenario that if you are forced by, let's say, the next generation of monopiles that you have to invest, let's say, another €50 million to €75 million in new parameters, new equipment, etc., in which case you have downtime on the existing production in 2022 because I've been in the factory many times. It's quite big, but the product is also quite big. So, can you fully produce and then also implement to make it possible?

Fred van Beers: Very valid point. You absolutely have a valid point. And that's why we take it into account in this study and we have reasons to believe that that impact could be relatively small if at all existing.

Leon Verweij: That's why I talked about different scenarios we are studying. That's part of that as well because you can also, Tijs, maybe imagine you've been to the premises. I think you've been to Roermond as well. That you can do a phased change, yeah, because basically our production process is based on different phases.

So – and that's why we also took on board external know-how and capacity to make sure that we take all those things into account.

Fred van Beers: I think what we are blessed with is the fact that we have two sites in all. That's basically what we're saying. We have two sites. So, you can do certain things in parallel before making a final move.

Tijs Hollestelle: That's clear. Thank you.

Operator: The next question comes from the line of Andre Mulder calling from Kepler Cheuvreux. Please go ahead.

Andre Mulder (Kepler Cheuvreux): Yeah, good morning. A few questions also from my side. Have you given any thoughts to expand the Rotterdam site? You said that you're transferring all of the people who are active in oil and gas to offshore wind. What about your production capacity? Can you do something with it? It also comes at a time that, for example, the UK and Norway are planning big investments in the North Sea. So, we could see again a coming up of the oil and gas site there and such orders for that part.

A question on pricing. How should we look at pricing and taking your comments into account that we now see a shortage in capacity. What kind of pricing differential do you see if our focus number ones where to have things done in 2023? Do you also think about a possible introduction of a, let's say, a pre-order fee? Those will be my questions for the time being.

Fred van Beers: All right. Thank you, Andre. Do you have more questions, Andre?

Andre Mulder: No. That's it for the time being.

Fred van Beers: Okay. Yes, well, expanding the Maasvlakte, we have already 62 hectares, but it's definitely part of our scenario planning as Leon touched upon earlier and that's all part of indeed of our impact study plan we're executing now so definitely not to be skipped so to say. What it exactly means again is something we are not able to disclose at this moment.

The oil and gas, yes, UK and Norway, they are indeed opening up new initiatives. From what we've seen so far is first of all it's not enough to fill a steady pipeline. Secondly, the technology used for brownfield exploration of oil is changing from above the sea level to underwater levels. And that means a lot less need of limited need of the typical products we produce pin-piles and structural acts. So we of course monitor that. We don't exclude it for sure not and we're taking it very serious. But for us it's not enough to sort of put our future on.

The pricing, 2023 plus, as Leon touched on it already, we are sort of testing the market at this moment. It goes hand in hand with the outcome of our impact study, what is its sort of level that we need or want to achieve. We're doing various studies like simply testing linear escalation of prices, taking a market if you're starting with a jacket. You can imagine that the next alternative for monopile is a jacket.

So, what is the cost of a jacket? What would that mean if we sort of try to come close to that one? And how does it work out in the whole investment model for the total wind farm. So, a long answer to say we can't give you any more details on that yet. We'd like to keep that a little bit to ourselves for this moment but that we are looking at substantial increases I think is fair to say, because these monopiles are a different ballgame.

Then, the pre-ordering fee, well, what we – basically it's a sort of pre-ordering fee, the penalty that we're building in at the moment already. So that is a very aggressive one I can tell you, whereby from day one that the delay starts the counter starts ticking on – for the customer when it comes to a penalty.

And that is fully acceptable and customers are prepared by the way to accept this sort of clauses. First of all, because they understand the shortage in the supply chain. Secondly, they are pretty confident in themselves actually that they will meet the schedules that they have agreed with us.

Leon Verweij: And lastly, I think that some of our competitors followed our example as well.

Fred van Beers: It's the new trend in the market.

Andre Mulder: Let me run one – I have question on the competition. I've seen Bladt announcing the extension at Odense plant. Any idea what capacity could be added to the markets? Also, ZPMC is roaring again. Any feels for their presence, whether you meet them in the Far East?

Fred van Beers: To start off with Bladt, it's a more shift. We do see some expansion, of course, because the monopiles were a bit bigger. They're looking at the Lindø site indeed to do that. We have to know a little bit more. But we account on something like 50% of our capacity, more or less. We have to see though, have to watch out. And the second one, actually, I didn't quite hear which one you mentioned, Andre.

Andre Mulder: At ZPMC, they made, of course, most of their order in Europe. But they're also expanding into extra channels in the Far East.

Fred van Beers: ZPMC, the Chinese, we know that they are faced with a sort of dip in '22, '23 in their demand. So, it could be that they will come to the European market. We are aware of the Titan initiative, the earlier Ambau, where there are some rumours, let's put it that way, that they would or planning to start up a sort of field world and coating facility based on sections from China.

We have to see how that comes. We have decided to study that a little bit closer. But for the moment, we don't. Also, in the pricing and tenders, we don't – we are not aware of any sort of serious attempts from their side.

Leon Verweij: I believe at the beginning of this year, the Ambau sites and buildings were completely empty.

Fred van Beers: They were empty.

Leon Verweij: Totally stripped and all the equipment was taken to China.

Fred van Beers: Yeah. And then, of course, we know that the Koreans are then coming to the UK where the permit should be granted somewhere in the coming months –

Leon Verweij: And the subsidy because that's still –

Fred van Beers: And the subsidy pending. And then, of course, there is always the popping up initiatives coming from Spain that we continue to follow. So, in what I've said earlier, all these initiatives, we take serious and we sort of plot their maximum potential output in our mid to long-term prognosis. And I hope you agree with me that I'm not going to share too much detail on that. We'd like to keep something of a competitive edge there, but we are pretty confident and sleep quite nicely based on the outcomes of those studies.

Andre Mulder: Okay. My last question. It's going to be a bit of a double. That there's a Polish plant coming up for sale. Is that something that you're looking at and view of developing markets in Scandinavia and in Poland? And how do you look at the utilisation of your competitors, EEW, and I think especially Steelwind is a bit lower. Would you agree on that or do you have any information on what the utilisation is?

Fred van Beers: Now that they are more or less in the similar situation as we were early this year in 2018 that we know that the Taiwan project has been, let's say, delayed or may be cancelled which has an impact on EEW. And Steelwind, which is, well, more or less the same story, I would say, for many years. They have an order and then they execute and don't have a next one coming close to that which has to do with our view with their limited abilities in the present setup from a production perspective.

The – yes. So, we are, I would say, at this moment the lucky one that can bridge this now to the real boom coming from '23, '24 onwards on these bigger diameters.

Andre Mulder: Okay. Thank you.

Operator: The next question comes from the line of Turner Holm calling from Clarksons. Please go ahead.

Turner Holm (Clarksons): Good morning, Fred and Leon. Thanks for taking my call. So I just wanted to ask about expansion. And I think that to go to the comments from one of the previous callers, some of the challenges that he addressed are as far as we see it, a function of scale and maybe a diversification of production sites rather than the fundamental features of the industry. I appreciate that that any expansion would require CapEx and some operational complexity. But I guess it would also unlock some long-term earnings capacity. So what I'm asking is what would make you pull the trigger on expansion?

Fred van Beers: The combination of the studies that we explored a little bit about, okay. Like we are testing now the price level in the market. That's of course an important one. In the end customers have to pay for it. The other one is what is the absolute cost level that we will see from this optimised production plant that leaves you with a delta on the margin and then we have set ourselves pretty aggressive earn back criteria, because we've seen the history of this market and it's developing quite rapidly.

Personally, I believe that the next level of turbines will stay really longer than the 10 megawatts, given the huge investment levels needed for that and the supply chain that has to be built up here, including investments in installation vessels, etc., etc. But we will not – we're very critical, so to say, on those earnings. But we believe it's possible, yeah. And it has to be rather short earn back cycle.

Turner Holm: Understand. And then there's a lot of talk about different expansion plans. There's one in UK that you mentioned. There's one in the US EEW/Orsted. I'm just wondering a business that you track, let's say, that all of these initiatives are build. I wonder if there's still an undersupply of monopile production, let's say, over the next five or 10 years as we look out and you see these forecast for offshore wind that are expected to go to 200 gigawatts, 250 gigawatts by 2030 more than 1,000 turbines installed into each year outside of China? So even if all of those are built, would there still be sufficient capacity for monopile production?

Fred van Beers: Probably not but that depends. I mean, we assume here around this table for the sake of this discussion that suppliers of turbines, towers, etc., can ramp up in a similar way as we can ramp up. And that of course remains to be seen to be honest. Also, the installation vessels. And it's probably interesting for example to realise that these big installation vessels that are now are being built by some owners have limited possibilities to come ashore to actually take on board the monopiles and transition pieces.

These ships become so big. The monopiles become so big that there is only very few places where you actually can host those vessels. So all these aspects are now challenges this whole industry is faced with and that means that in our scenarios, also on market development, we also take the different scenarios whereby maybe the development takes a bit more – takes a bit longer than now by the politicians plan for.

It will be a balancing act. We believe though, at Sif, that we have to be – we have to keep up our own trousers here and pants and have to plan for our own future in this. And in all honesty, I'm more happy with the situation whether it's under capacity when there is a structural overcapacity.

Leon Verweij: And just by coincidence, we have been looking at that situation I think it was two days ago. And what we see on a global level that even if you take into account all those new initiatives, you're absolutely right, there will still be under capacity. It's also the reason by the way out for developers and of course the jacket mainly. That's why we're studying as part of our programmes, the alternatives as well. Because from a pricing perspective you also have to position yourself in a situation where the jacket might become a feasible alternative.

Turner Holm: Sure. Okay. Thank you. It's a very interesting point. And then just to ask one more. I hope you'll forgive me for asking another question on contribution, but I wanted to address it from a different perspective. If we look at the backlog in 2021, it's fewer projects but larger projects. And so, I'm curious how this impacts the efficiency and contribution. I also see that number of employees is lower than where it was at the end of 2019 despite the fact that the production levels for 2021 and 2019 are quite similar in securities how that plays out on contribution. And then just I wonder if you're being conservative here honestly when you say 650 a tonne. Look at the second half of the year, you're already very close to that. And what's really the difference between now and back in, say, '16 and early '17 when you were delivering closer to 700?

Fred van Beers: Thanks, Turner, for asking that one. One reason for being conservative, as already explained, is the COVID that we believe still has a big impact on the first half at least of '21. Second, your question on '15-'16. In '15-'16, the whole factory in Roermond and Maasvlakte in the end was filled completely with both oil and gas and wind.

The oil and gas part is gone and those production halls sit idle now. We can't produce wind in those factories. The size of monopiles has increased a lot more than planned for or thought of in 2015, meaning that certain wind factory halls also are underutilised simply because we cannot accommodate these bigger sections there. And that accounts for Roermond mainly.

And that's exactly why we said 1.5 year ago or so we have to focus on production efficiency now and see how we can do every tonne and monopile we can squeeze out with the same or less people is really contributing to that gap that has been created basically due to market circumstances.

And that's also coming back a little bit to the question Tijs raised is, why we have to now do this study and start from a clean sheet of paper to really go back to a new setting where we can facilitate the future because the past is getting more and more or seeing more and more its limitations. Turner?

Turner Holm: Thanks, Fred. Okay, yeah. Okay. I appreciate the answers and exciting outlook for '21 COVID notwithstanding but best of luck. Thank you so much.

Operator: The final question comes from the line of Tijs Hollestelle calling from ING. Please go ahead.

Tijs Hollestelle: Thanks, operator. A few follow-up ones. You mentioned the Triton Knoll project as the first one which includes also design and engineering responsibilities for Sif and you mentioned it worked out well. Why did it work out well? And I believe also linked to that you made the acquisition of the KCI engineering firm. But you have made that acquisition after you signed this type of contract. What were the benefits and what are the implied risk behind it if it goes wrong, for instance?

Fred van Beers: Yeah. Thank you. Triton Knoll, well, the benefits is a few things. First of all, we were involved very early in the process which gave us the opportunity to optimise the design, to fit, to meet our production facility and standards and technology. And that's a big, big advantage because you can imagine that when you're faced with a full design that is more or less given to you and with the question to just make it is a different starting point from when you have a design that fits your production best. So that's one.

The other thing is for the customer, it was a benefit that by doing this you could actually give part of that advantage back in the sense that you could do value engineering. You can apply value engineering, which you actually also did, by the way, at Hollandse Kust Zuid.

So, by being a bit smarter on the design but then you have to understand what the design background is and what different design technologies you can apply, you can actually save money for the customer, save money for yourself because you can make it easier and you can make it quicker. And that making it quicker gives you the advantage that you maybe can take an extra project also related to the production efficiency discussion we just had, which helps you and your total company EBITDA level.

So, these are all elements that we learn on Triton Knoll, which we partly applied on Hollandse Kust Zuid and whereby we now are going to – the problem was all that knowledge sort of went outside the company. And we like to keep it inside the company because we believe it's a competitive advantage when you can really sit together now, open the models from both sides on the engineering side and the production side and make this a very intense collaboration and design standards that give us the competitive edge over our customers because we believe that may be after this encounter will come a time again that we have to compete on other elements than capacity only.

Leon Verweij: And to add to that, from the risk part you are referring to, Tijs, is that maybe we can do that the best by giving you an example. If we could make a collaboration like this for design engineering with for instance Atkins or one of the bigger firms, the first thing they say is, well, basis is reasonable skill and care. No liability larger than the volume of our contract, of our work or the insurance amount. That's market practice, yeah, and that's of course a practice that if after the acquisition of KCI, we will be applying as well because that's market practice and does that mean that you can ring-fence that issue completely for 100%? No, but to a large extent we think we can.

Fred van Beers: Third element I'd like to highlight is that that KCI, the engineers is an independent company. They have to keep – they're responsible and will remain responsible for their own P&L and we also want them really to book orders outside our business. We believe it's very important that an engineering company has a lot of inputs and new ideas coming from different markets, which in the end, will help also us in the wind part of the business.

So, if we would sort of book 30% of their capacity, then it's more – then I would say it's already a lot.

Thijs Berkelder: Yeah. No, I mean, it is very clear. I do see the upside. But your former management team, during the IPO, was stating to us, hammering, basically on our heads that quality of welding and make sure that you are on time were basically the only two KSF of Sif, and that they were steering away from any design and engineering base. But I hear your answer, it's not a big risk the way you structure it. So that is the reason I'm asking it.

And then, yeah, also Leon, I notice you're not easily impressed by some volatility in trade working capital positions, given your experience in the construction sector. But these kinds of three-month swings are not just happening without you knowing it. I mean, even if you would say that the HaliadeX payments in the short-term liabilities would also have happened, you have a swing of about €100 million in a three-month period with all the market cap, what is it, €450 million is quite significant. So, any help you can give us so the sell-side on predicting this for the next coming quarters would be quite helpful because it has a major impact on the reported net debt levels.

And yeah, I notice you have been focusing on trade working capital quite good, I would say, in the past eight quarters. So, yeah, any guidance would be quite helpful on this amount. And then, in addition, if I make the cash outflow budget for Sif for this year and excluding potential CapEx relating to the outcome of the study and excluding movements in trade working capital, then I arrive at these €30 million or €35 million. Is that something you also feel comfortable with? So, including everything, dividends, CapEx, taxes? Is that the right number?

Leon Verweij: I could imagine a level like that. I'm not sure, Tijs, but maybe we can do that on a one-on-one basis, getting to €100 million swing. Like I said, we've been in a net cash position all year long, yeah. Of course, we had off the Q1 talks with our customers to make sure that payments came in, etc., etc., because nobody wanted flows to be affected by COVID or minimise that, but we didn't do anything very strange there. So, I'm not sure where your €100 million is coming from. But let's do a follow-up on that next week then.

Tijs Hollestelle: I mean, at the end of the third quarter, it was €72 million. So, there's a major swing already in your report. But then I also think that in the short-term liabilities there is also – it's not a normal situation. So, if you would say that that cash outflow timing-wise also has happened, it has a massive impact on what I think are quite important financial metrics for the spot market.

Leon Verweij: Let me say that nothing has changed in the sense what we – we still focus on every project, yeah, on a project-by-project basis on a zero or as close to zero usage of working capital. We managed that quite well. Of course, and maybe that's the effect you are seeing is that with the project growing in size, when you still then work with prepayments and intermediate payments, etc., on a percentage basis or milestone basis, the swings get bigger, because the amount of the order is bigger.

That's why I said if you look at our trade creditors by the end of the year in comparison to the end of 2019, you see that there is an increase. But that's just due to the fact that we took delivery of the steel of Hollandse Kust Zuid in December – but in November even. So we didn't change anything. And like I said, I still see no reason why, I mean, not by the end of Q1 which you're right is almost gone, should not be in – still in a net cash position.

Tijs Hollestelle: Okay. Maybe you should do it offline. But I would like to have heard, let's say, some comments when you reported third quarter '20 numbers on the €71 million negative trade working capital because these kind of amounts you have some visibility on these swings. I mean, not everything, but yeah, some of them you should have in my view – but okay, let's do that later. Thank you.

Leon Verweij: You have some visibility but not an absolute visibility because if the signing of a project is postponed by three or four weeks, yeah, which last year unfortunately at the end also happened, then a prepayment which we might have budgeted for in, let's say, December to come in. Then suddenly shifts to March. And that's –

Fred van Beers: It has an effect.

Leon Verweij: It has – since the size of the projects are getting bigger, has, of course, the same effect but more than happy to take that offline as well, Tijs.

Tijs Hollestelle: Yeah, thank you.

Operator: We have no further questions on the phone lines. I'll hand back over to your host. Thank you.

Leon Verweij: Okay, then we have some questions which were put forward on the website. And I would just take it from the top. First question there is, are you worried about the lack of installation vessels in the market to install super XL monopiles beyond 2024? Where will the bottleneck hit first, global fabrication capacity of vessel or vessel capacity?

Fred van Beers: I believe we already addressed that on this. It's a balancing act for all of us. Yes, installation vessels are one of these potential bottlenecks. On the other hand, there are vessels coming to the market, but as we've seen also last year with Orion and the collapse of their crane during the testing, that could mean – that sort of incidents do have and it will have an impact there. Same with the Dominion delay of their vessel in the US.

So, yes, we keep an eye on that. But on the other hand, it's not part of our scope. So it's also not part of our risk in that sense.

Leon Verweij: It's a part of a risk we want to stay out of.

Fred van Beers: Yeah. And by the way, I like to elaborate of course, Maasvlakte is one of those sites globally that can accommodate these bigger vessels. That's also the reason why we are extending the key site for example and give more space.

Leon Verweij: Then we have a question which is, if you are looking to expand your footprint in the UK, where are you looking?

Fred van Beers: Maasvlakte 2.

Leon Verweij: Yeah. If we would expand for the UK then it would be in Holland.

Leon Verweij: And a question concerning oil and gas. Are you exiting these activities or when there is a pickup, do you contemplate and reactivation again or do you need the staff to support the booming wind market in future?

Fred van Beers: Thanks. Yes, I said before the staff is 100% working now in wind sector, and yes, in our study we do take into account the possibility of keeping our line for smaller tubeless open.

Leon Verweij: Then a question, there have been a few announcements about new production capacity in Europe and the US. How is Sif considering further growth opportunities? I think we've covered that with the analysts as well.

How should we expect the contribution or contribution per tonne to develop in 2021? Should backlog for 2021 help efficiency, given that it contains fewer but larger projects? How is pricing changed from recent tenders compared to the work executed in 2020? I think we've covered that quite well during all the other questions.

And then we have a last question on the screen, which is, today's management announcement significantly increases risk reward on the stock story. And there's a question about what the risk is on the 15-plus megawatt space as far as competition risk and contribution will be? I think we've covered that quite extensively as well.

Fred van Beers: From various angles, yeah.

Leon Verweij: So that basically concludes the questions and our presentations. So on my behalf, I would like to thank everybody for joining us and stay healthy.

Fred van Beers: Thank you. Also on my behalf, I can only echo, Leon. Have a nice weekend and indeed stay healthy. Talk to you hopefully soon in face-to-face meetings again.