

Full year results 2020: improving execution and filling up order book 2021-2023

Operational highlights:

- > TRIF¹ at 9.93 (19.1 in 2019);
- > Contracts won for foundations for Akita-Noshiro, Hollandse Kust Noord and Dogger Bank A and B;
- > Contract won for marshalling services relating to floating wind units;
- > Successful launch of innovative Skybox, facilitating slip-joint connection of monopiles and towers;
- > Carbon neutral footprint after putting HaliadeX @13 MW wind turbine into use, gross carbon footprint at 19.3 kg per ton production implies that the total company Sif is a net CO2 compensation provider;
- > Financing arrangement extended with 2 years until March 2024;
- > No governmental or other Covid-19 support used or required;
- > Total throughput of approximately 164 Kton of steel (2019:185 Kton) or 160 monopiles and primary steel for 115 transition pieces
 - o 156 Kton (or 95%) for offshore wind
 - o 8 Kton (or 5%) for oil & gas

Key figures 2020:

All numbers presented are including IFRS 16-effects, unless stated otherwise.

- > FY 2020 contribution of €101.6 million (FY 2019 €101.5 million);
- > FY 2020 EBITDA of €31.8 million (FY 2019 €26.3 million);
- > FY 2020 profit attributable to the shareholders €7.3 million (FY 2019 €5.5 million);
- > Earnings per share 2020 €0.29 (€0.22 in 2019);
- > Dividend-proposal €0.12 per share or 42% (zero in 2019);
- > Year-end 2020 net working capital -€2.9 million (YE 2019 €4.3 million);
- > Year-end 2020 net cash excl. IFRS 16-effects of lease obligations is €2.6 million (YE 2019 net debt of €21.3 million);
- > Order book 185 Kton for 2021 and 250 Kton for 2022 and beyond.

In € million	FY 2020	FY 2019	change YOY
Contribution	101.6	101.5	+0.1%
EBITDA	31.8	26.3	+20.9%
Earnings after tax	7.3	5.5	+32.7%
Production in Kton	164	185	-11.4%
EPS in €	0.29	0.22	+31.8%
TRIF in injuries per mln working hours	9.93	19.1	-52.0%
Gross CO2 emission per ton	19.3	23.7	-18.6%

Order book in Kton	For 2021	For 2022 & beyond
Contracted	185	250

¹ Total Recordable Injury Frequency: number of injuries per million working hours (first aid treatment excluded)

CEO Fred van Beers: “At Sif we focus on the sustainable production of components for the offshore generation of renewable energy. We are committed to utilizing safe and clean production methods and logistics for this purpose. While this can fluctuate from year to year, we aim to have an accident-free working environment at zero net CO2 emissions and with healthy returns on our average capital employed over the longer term.

Looking at our performance in 2020, it is evident that we quickly and proactively aligned our operations in order to prevent the spread of the COVID-19 virus in general without compromising the availability of personnel. The first half-year of 2020 was an uncertain period for our employees, clients and suppliers. As the cancelled Vineyard Wind project in the United States left a 105 Kton gap in our first half 2020 order book we had to adjust our production lines to a replacement project and to a project that we managed to pull forward. Orders for the oil and gas industry all but dried up owing to the downturn in this sector. Despite all this, improving the efficiency of our production processes remained equally high on our agenda. The results of our actions and policy gradually became visible during the course of the year. We learned to deal with COVID-19 prevention measures and saw an improvement in the efficiency of the production process, which is reflected in the production volume in the second half of 2020 of 88 Kton compared to 76 Kton in the first half of the year. The second half of 2020 led to more satisfying results in terms of safety, quality and therefore also financial performance. It should be noted that the finalization of projects on or around year-end contributed positively to the final result. EBITDA 2020 of €31.8 million was more than 20% higher than in 2019. We did not apply for support from government or lenders under COVID-19 compensation programs.

We also succeeded in extending our orderbook for Wind well into 2023 with stable projects for experienced clients. Conversely, the market for oil and gas projects was reduced to virtually zero. This prompted our decision to deploy all the personnel of the oil and gas production lines to Wind projects on a structural basis.

For the Hollandse Kust Zuid project we have set up the production process according to plan. The preparations for a seamless transition from the Hollandse Kust Zuid projects to Dogger Bank A are fully underway. Based on the current orderbook, we expect to achieve a production volume of 185 Kton in 2021. Due to the improved balance in the order pipeline, the effects of our efficiency improvement plan and bearing in mind the effects of COVID-19, we expect to markedly improve our EBITDA-result in 2021 if compared to 2020.

There are increasing signs pointing towards a growing demand for larger monopiles for the period from 2023 onwards. This is due to the fact that the three leading turbine manufacturers have or will be bringing new 14-15 MW turbines onto the market and because projects are being developed in deeper water or water with less favorable soil conditions. We are currently executing an impact study for Sif in terms of production facilities and working methods. It is, however, already clear that we will have to adapt due to the dimensions of foundations becoming larger than those used until now. We expect to share the results of this study later this year. Included in the study is the effect on our production lines for smaller diameters that are more dedicated to products for oil and gas markets. Thanks to our healthy order book extending into 2023 we have time to be well-prepared for the next phase of the development of Offshore Wind.

The total market for offshore wind and the related demand for foundations will continue to grow now that countries in Europe are adjusting their long-term plans upward, supported by Europe's Green Deal plan and ambitions of the UK. In addition, the political change in the United States is bringing about a strong focus on the energy transition, which means American Offshore Wind initiatives are expected to be quickly converted into concrete investments. Set against this background, demand for monopiles will remain robust and this type of foundation will continue to be the preferred solution. Scale will increase amid all these developments, with larger capacities per wind farm, deeper water, locations further offshore and larger turbines operating at greater height. The planned acquisition of KCI will allow us to support our customers with foundation design services. The robust skills, experience and innovative character of the KCI team is an excellent basis to strengthen our position in the field of innovations and foundation design alternatives, such as floating solutions for deep

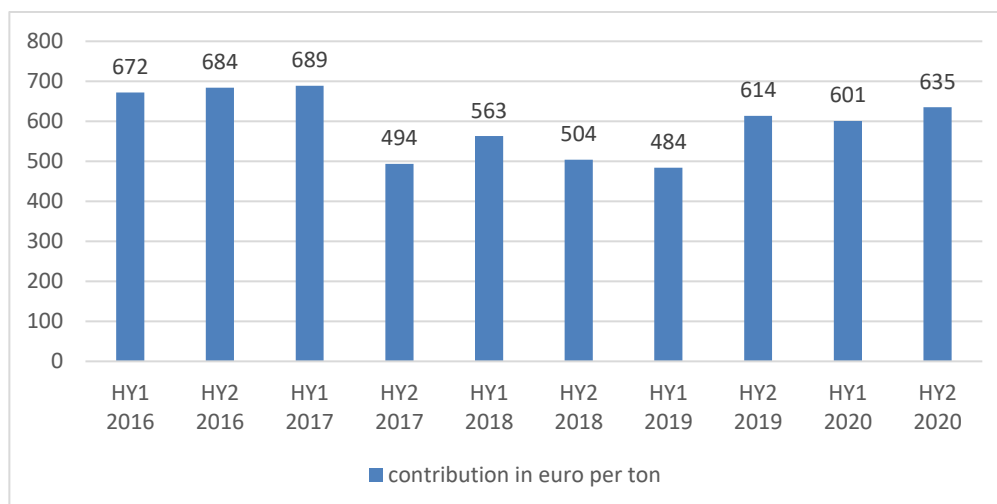
water, and in the field of solutions for the decommissioning and replacement market that is expected to arise within five to ten years from now.'

FY 2020 results development

All amounts and numbers in this press release are based on the Company's annual accounts that will be published in draft today and that will be presented to the Annual General Meeting of Shareholders for approval on 12 May 2021. All numbers are including IFRS 16, unless expressly stated otherwise.

Contribution

Contribution² in 2020 was €101.6 million, almost equal to 2019. This brought the 2020 contribution per ton to €619 compared to €548 per ton for 2019. Corrected for contribution from marshalling activities the full year 2020 contribution per ton was €609 and €542 respectively. The graph below indicates the development of contribution per ton on a half-year basis since early 2016. The graph is not corrected for marshalling activities.



Total production was 164 Kton (160 monopiles and primary steel for 115 transition pieces) compared to 185 Kton in 2019 (190 MP's and primary steel for 130 TP's). Production with 88 Kton was higher in the second half of the year than in the first half (76 Kton) when it was under pressure of lower-than-expected utilization following the removal of Vineyard Wind from our order book and the replacement thereof by one smaller project. Production in the first half was also impacted by uncertainty after the outbreak of COVID-19, resulting in lower efficiency and higher sickness and absenteeism. Lower project related expenses (direct personnel and manufacturing expense) resulted in gross profit of €63.1 million compared to €56.8 million in 2019.

EBITDA

EBITDA was €31.8 million in 2020 compared to €26.4 million in 2019. EBITDA improved by more than 20% despite an almost 12% lower production level. The improvement was largely driven by the better pricing environment and more efficient execution, especially in the second half of the year.

² We define contribution as revenue minus cost of sale. Cost of sale includes the costs of raw materials, subcontracted work and other external charges, logistics and other project-related expenses.

The improved execution was driven by less safety- and quality incidents; repair work decreased in comparison to 2019 and the number of safety-incidents (accidents, near-misses) was lower than in 2019. This also resulted in a TRIF score that arrived at 9.93 (19.1 in 2019). Earnings attributable to the shareholder were €7.3 million in 2020 compared to €5.5 million in 2019. Earnings per share were €0.29 compared to a €0.22 per share in 2019. None of the available Dutch governmental COVID-19 financial support measures were required or used.

At the end of 2020 our workforce was composed of 314 permanent and 255 flexible staff (569 Fte total) compared to 319 permanent and 339 flexible staff (658 Fte total) at the end of 2019.

Banking facilities

Sif has banking facilities with expiration date March 2022. Post-closing 2020 an agreement was reached with the lenders on an extension of the existing arrangement by two years (until March 2024) at the same conditions. The facilities have covenants on leverage (Total debt/Ebitda of 2.5) and solvency (at least 35%).

Banking covenants are based on ex-IFRS16 numbers and result in an actual leverage ratio of 0.00 at the end of 2020 and solvency of 50.0 at the end of 2020.

Operating working capital, CAPEX and cash flows

Cash flow from operating activities in 2020 was €34.3 million (€30.9 million in 2019). Net working capital stood at -€2.9 million at the end of 2020 (€4.3 million at the end of 2019). Sif aims at working capital requirement of zero or close to zero. Working capital at balance sheet date is a snapshot and may vary over time.

CAPEX in 2020 was €5.5 million and includes mainly maintenance CAPEX and specific CAPEX required for project-execution.

Order book tonnage and outlook

The current order book for 2021 includes approx. 185 Kton production volume. For 2022 and beyond we already contracted 250 Kton. Herewith our production volume extends well into 2023.

For the years beyond 2023 we see demand for higher capacity turbines; suppliers have announced 15 MW turbines already. This will require larger foundations. How this impacts our business, is subject to a research project we are currently running and results of which are expected later in 2021. The envisaged acquisition of KCI the engineers will support Sif's ambition for a stronger involvement in the development of foundations and in the innovative role Sif wants to entail in this design-process. KCI has approx. 60 employees.

For 2021 we expect production of approximately 185 Kton and EBITDA result to be markedly better than in 2020.

Dividend

Profit attributable to the shareholders amounted to €7.3 million. The Executive Board, with the approval of the Supervisory Board, has decided to add €4.2 million to the reserves of the Company and to propose to the Annual General Meeting of Shareholders to pay-out €0,12 per share as a cash dividend. This equals 42% pay-out and a total dividend of €3.1 million

Statement by the Management Board

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

1. The financial statements as included in this release and the 2020 Annual Report provide a true and fair view of the assets, liabilities, financial position and profit for the financial year of Sif Holding N.V. and the Group companies included in the consolidation;
2. The report of the Executive Board as included in the 2020 Annual Report provides a true and fair view of the situation on the balance sheet date and the business development during the financial year of Sif Holding N.V., and its affiliated Group companies included in the consolidated financial statements. The report of the Executive Board describes the material risks to which Sif Holding N.V. is exposed.

Financial calendar

12 March 2021	FY 2020 Earnings
12 May 2021	AGM and Trading Update Q1 2021
	AGM record date 14 April 2021
	Quotation ex-dividend 14 May 2021
	Dividend record date 17 May 2021
	Payment of dividend 21 May 2021
27 August 2021	HY 2021 Earnings
5 November 2021	Trading Update Q3 2021

Presentation of 2020 results

In line with recommendations and company policy to restrict travelling and presence at meetings, Sif has decided to organize a webcast analyst meeting for 12 March 2021 at 10.00 hrs. The webcast can be followed through the Sif-website. An (virtual) investor- road show will be organized later in 2021.

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Disclaimer

Some of the statements contained in this release that are not historical facts are statements of future projections and other forward-looking statements. These statements are based on the management's current views and assumptions and involve known and unknown risks and uncertainties that could cause

actual results, performance, or events to differ materially from the statements. Historical results are no guarantee of future performance. Forward-looking statements are subject to various risks and uncertainties, which may cause Sif's actual results and business performance to differ materially and adversely from the forward-looking statements. Certain forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "may", "will", "should", "would be", "expects", "anticipates" or similar expressions, or the negative thereof, or other variations thereof, or comparable terminology, or by discussions of strategy, plans, or intentions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release as anticipated, believed, or expected. Sif neither intends nor assumes any obligation to update any industry information or forward-looking statements set forth in this release in order to reflect subsequent events or circumstances. The content of this trading update is for information purposes only and is not intended as investment advice, nor does it constitute an offer or solicitation for the purchase or sale of any financial instrument. Sif does not warrant or guarantee the completeness, accuracy, or fitness for any particular purposes of the information included in this release.



Consolidated statement of profit or loss for the year ended 31 December 2020

AMOUNTS IN EUR '000

	Notes	2020	2019
Total revenue from contracts with customers	6	335,433	325,600
Raw materials		130,437	151,357
Subcontracted work and other external charges		82,510	47,732
Logistic and other project related expenses		20,894	24,994
Direct personnel expenses	7	27,091	30,332
Production and general manufacturing expenses		11,389	14,378
Indirect personnel expenses	7	20,888	19,275
Depreciation and amortization		20,348	17,207
Facilities, housing and maintenance		5,125	5,372
Selling expenses	8	1,018	994
General expenses	9	4,325	4,795
Operating profit		11,408	9,164
Impairment losses on financial assets		(2)	(22)
Finance costs	10	(2,396)	(2,667)
Finance costs and impairment losses		(2,398)	(2,689)
Share of profit of an associate and joint ventures	11, 17	(61)	53
Profit before tax		8,949	6,528
Income tax expense	12	1,376	818
Profit after tax		7,573	5,710
Attributable to:			
Non-controlling interests	22	302	222
Equity holders of Sif Holding N.V.		7,271	5,488
Profit after tax		7,573	5,710
Earnings per share	13		
Number of ordinary shares outstanding		25,501,356	25,501,356
Basic earnings per share (EUR)		0.29	0.22
Diluted earnings per share (EUR)		0.29	0.22


Sif

Consolidated statement of financial position as at 31 December 2020 (before appropriation of result)

AMOUNTS IN EUR '000

	Notes	31-Dec-2020	31-Dec-2019
Assets			
Intangible fixed assets	14	1,265	1,609
Property, plant and equipment	15	110,340	119,459
Right-of-use assets	30	51,902	56,567
Investment property	16	400	400
Investments in joint ventures	17	33	94
Deferred tax asset	12	349	181
Total non-current assets		164,289	178,310
Inventories	18	375	312
Contract assets	19	29,555	13,345
Trade receivables	20	43,661	45,242
Other current financial assets		15	20
Prepayments		1,307	803
CIT receivable		-	2,376
Cash and cash equivalents	21	2,645	1,579
Total current assets		77,558	63,677
Total assets		241,847	241,987

AMOUNTS IN EUR '000

	Notes	31-Dec-2020	31-Dec-2019
Equity			
Share capital	22	5,100	5,100
Additional paid-in capital	22	1,059	1,059
Retained earnings		80,316	74,828
Result for the year		7,271	5,488
Equity attributable to shareholder		93,746	86,475
Non-controlling interests		524	222
Total equity		94,270	86,697
Liabilities			
Revolving credit facility - non-current	23	-	22,872
Lease Liabilities - non-current	23, 30	50,139	54,255
Employee benefits - non-current	26	273	287
Other non-current liabilities	27	1,484	1,487
Total non-current liabilities		51,896	78,901
Lease Liabilities - current	23, 30	4,625	4,743
Trade payables		63,438	37,733
Contract Liabilities	19	14,319	17,625
Employee benefits - current	26	2,042	2,390
Wage tax and social security		1,557	317
VAT payable		5,482	1,731
CIT payable		498	-
Other current liabilities	27	3,720	11,850
Total current liabilities		95,681	76,389
Total liabilities		147,577	155,290
Total equity and liabilities		241,847	241,987

Consolidated cash flow statement for the year ended 31 December 2020

AMOUNTS IN EUR '000

Cash flows from operating activities

	2020	2019
Profit before tax	8,949	6,528
Adjustments for:		
Depreciation and amortization of Property, Plant and Equipment	15,051	12,773
Depreciation of right-of-use assets	5,297	4,434
Unrealised changes in joint ventures	61	(53)
Impairment losses on financial assets	2	-
Net finance costs	2,396	2,667
Changes in net working capital		
o Inventories	(63)	55
o Contract assets and liabilities	(19,516)	12,092
o Trade receivables	1,579	2,366
o Prepayments	(1,007)	431
o Trade payables	18,716	(721)
Total changes in net working capital	(291)	14,223
VAT payable and receivable	3,751	(2,545)
Other financial assets	5	-
Employee benefits	(362)	807
Provisions	-	(263)
Wage tax and social security	1,240	(1,154)
Other liabilities	(2,099)	(984)
Income taxes received / (paid)	1,330	(2,913)
Interest received / (paid)	(994)	(2,667)
Net cash from operating activities	34,336	30,853

Consolidated cash flow statement for the year ended 31 December 2020 (continued)

AMOUNTS IN EUR '000

	2020	2019
Cash flows from investing activities		
Purchase of intangible fixed assets	(277)	(417)
Purchase of property, plant and equipment	(4,650)	(14,138)
Loans and borrowings to joint ventures	-	70
Net cash from (used in) investing activities	(4,927)	(14,485)
Cash flows from financing activities		
Movements in revolving credit facility	(22,698)	(8,490)
Proceeds from new borrowing	-	80
Payment of lease liabilities	(5,645)	(4,334)
Dividends	-	(2,550)
Net cash from (used in) financing activities	(28,343)	(15,294)
Net increase / (decrease) in cash and cash equivalents	1,066	1,074
Cash and cash equivalents at 1 January	1,579	505
Cash and cash equivalents at 31 December	2,645	1,579