Interim results 2019

Sif Holding N.V.

Sif
OFFSHORE
FOUNDATIONS

Operational Highlights and Key Figures for HY 2019

Operational highlights:

Contract won for Borssele 5 innovation site;

Delivery of monopiles and transition pieces for Triton Knoll and Seamade offshore wind farms;

Delivery of monopiles for Borssele 1-4 offshore wind farms;

Agreement on refinancing and adjustment of governance structure to apply large companies regime;

Total throughput of approximately 94 Kton steel (81 Kton in HY1 2018)

> 96% for offshore wind (78% HY1 2018)
> 4% for offshore oil & gas (22% HY1 2018)

Key figures:

Contribution of € 45.5 million (HY 2018: € 45.6 million);

EBITDA of € 12.7 million (HY 2018: € 14.0 million after adjustment for IPO related expenses);

Revenues of € 170.4 million (HY 2018: € 145.9 million);

Operating working capital stood at - € 11.7 million (HY 2018: € 32.7 million; YE 2018: € 14.2 million);

Net debt excluding ground lease IFRS 16 of € 14.9 million (HY 2018: € 52.2 million; YE 2018: € 30.4 million);

Order book per 27 August 2019 of 300 Kton for 2020 and beyond

> 220 Kton signed contracts
> 80 Kton exclusive negotiations

Post reporting events:

Contract wins for Hollandse Kust Zuid (Netherlands; 114 monopiles, 113 Kton) and Vineyard (Massachsetts USA; 84 monopiles, 103 Kton) and announcement of delays at Vineyard affecting Sif's production- schedule for 2020;

Expansion of Maasvlakte 2 Rotterdam from 42 to 62 hectares to offer marshalling services to off shore wind clients; Innovation shipping B.V. (a DEME Offshore company) launching customer for October 2019- June 2020 period.

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Report of the Executive Board

Message from CEO Fred van Beers:

‘The sentiment on offshore wind energy has further improved; levelized costs still become more competitive and more countries are planning on sourcing their electricity from offshore wind. We have seen projects materializing in Taiwan and USA and also see progress in countries like Japan and around the Baltic seas. In more traditional offshore wind countries around the North Sea we witnessed the upscale of ambitions. Consultants have boosted their expectations for new projects and we actually see an increased demand for future years. In due time we should be able to return to the production and contribution levels we saw in 2016- 2017. The anticipated production for the full year 2019 is approximately 210 Kton or 270 foundations. For 2020 and 2021 our orderbook has firm contracts for 220 Kton and exclusive negotiations for 80 Kton. The political, administrative and legal planning of these large and often complicated projects may however lead to volatility as is proven by the Vineyard project where a delay for an uncertain period was announced by the client. To a certain extend we are used to dealing with this volatility which can partially be absorbed by our flexible workforce and partially by adjustments in planning of production for other projects. The impact of the delay at Vineyard is at this point in time uncertain.

The results for the first half of 2019 have developed in line with our expectations. A poor first quarter was followed by a quarter in which we have ramped up our facilities and production staff. This should result in higher production numbers with better contribution in the second half of 2019.

We are actually shaping our future and strengthening the position we have in our markets. In August we completed our new coating facilities at Maasvlakte. The total investment is in line with the guidance we have given when releasing interim 2018 results. Of the € 32 million investment for PISA- related adjusments, € 10.5 million was committed until 30 June 2019. The lease of 20 hectares new land at Maasvlakte 2, Rotterdam in addition to the 42 hectares we are already leasing, will offer opportunities for building on our reputation with added offshore services. The location is ideally positioned for offshore activities and has a state-of-the-art quay. Clients have approached us for assistence in their marshalling activities for offshore windfarms and we are happy that we could announce Deme- subsidiary Innovation Shipping as a launching customer for this new activity for a period of 9 months starting October 2019’.

Results for HY 2019

IFRS 16

Sif applied IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 was recognized as an adjustment to the opening balance of lease assets and lease liabilities at 1 January 2019, with no restatement of comparative information.

Due to the adoption of IFRS 16, Sif’s operating result will decrease, while it’s interest expense will increase. This is due to the change in accounting for expenses of leases that were classified as operating leases under IAS 17. For a detailed impact assessment we refer to the pages 16 of this report.

Contribution

The first quarter of 2019 saw moderate activity on a low- margin project resulting in 42 Kton production with € 4.1 million EBITDA. During the second quarter we have been rebuilding our organisation and have started production on newly won projects like Seamade. Total production of 52 Kton in Q2 was satisfactory. The Q2 EBITDA result of € 8.6 million is in line with our expectations and a reflection of the ramp up of our organization and increase in workforce from 429 Fte at the end of 2018 to 582 Fte at the end of the first half of 2019. Contribution per Kton reached € 484 in the first half of 2019, versus € 561 during the comparable period in 2018.

We define contribution as revenues minus cost of sales. Cost of sales include costs for raw materials, subcontracted work and other external charges, logistics and other project-related expenses.

EBITDA

EBITDA stood at € 12.7 million, compared to € 14.0 million adjusted EBITDA (for € 0.7 million IPO related expenses) in the first half of 2018.

Net debt

Net debt excluding lease liabilities under IFRS 16 amounted to € 14.9 million at the end of the first half of 2019 (€ 52.5 million end of first half 2018 and € 25.1 million end of 2018). This strong decrease is primarily attributable to the decrease in working capital. The leverage ratio at the end of June 2019 was 1.53. For covenant purposes, net debt is stated on an IFRS16 excluded basis. The leverage covenant as of end of 2019 will stay fixed at 2.5 until the current loan reaches maturity on June 30, 2022.

Operating working capital and cash flows

The demand for operating working capital defined as current operating assets minus current operating liabilities was - € 11.7 million at the end of June 2019 (€ 32.7 at the end of the first half 2018 and € 14.2 million at the end of 2018).

Current operating assets include inventories, work in progress, amounts due from customers, trade receivables and prepayments. Current operating liabilities include trade payables, work in progress and amounts due to customers.

Orderbook tons and Outlook

The 1 August 2019 order book for the remainder of 2019 shows an estimated 2019 full year production of 210 Kton and 270 monopiles. After the reporting date, Sif entered into new contracts for Vineyard (103 Kton steel, 84 monopiles) and Hollandse Kust Zuid (113 Kton steel, 114 monopiles). This brings the orderbook as per today at 220 Kton contracted work and 80 Kton exclusive negotiations. With the timing for Vineyard depending on the issuance of a permit to our client, the spread of projects over 2020 and 2021 is to a certain extend uncertain.

Employees

The number of employees in Fte stood at 320, of which 260 Fte permanent, at the end of June 2018. At the end of June 2019, we were at 582 Fte, of which 297 Fte permanent.

Annexes

Interim Financial Statements dated June 30, 2019

Statement by the Management Board

The Management Board of Sif Holding NV ("Sif") hereby declares that, to the best of its knowledge, the unaudited interim condensed financial statements for the period ending 30 June 2019 as prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting gives a true and fair view of the assets, liabilities, financial position and profit and loss of Sif and its jointly consolidated companies included in the consolidation as a whole, and that the report by the Management Board included in this interim report 2019 gives a fair view of the information required in accordance with Section 25d, subsections 8 and 9 of Book 5 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

Roermond, 27 August 2019
Fred van Beers (CEO)
Leon Verweij (CFO)

Financial Calendar

Trading Update Q3 2019 7 November 2019

FY 2019 Earnings 13 March 2020

AGM and Trading Update Q1 2020 14 May 2020

HY 2020 Earnings 28 August 2020

Trading Update Q3 2020 6 November 2020

Presentation of 2019 Interim Results

Following this release, the CEO and CFO of Sif will present the 2019 interim results during an audio webcast analyst meeting on August 28, 2019 at 09:30 AM CET. A transcript of the meeting will be available on the Sif website shortly after the meeting. The meeting can be followed (audio and slides only) via the link on the Company's website www.sif-group.com

Contact Information

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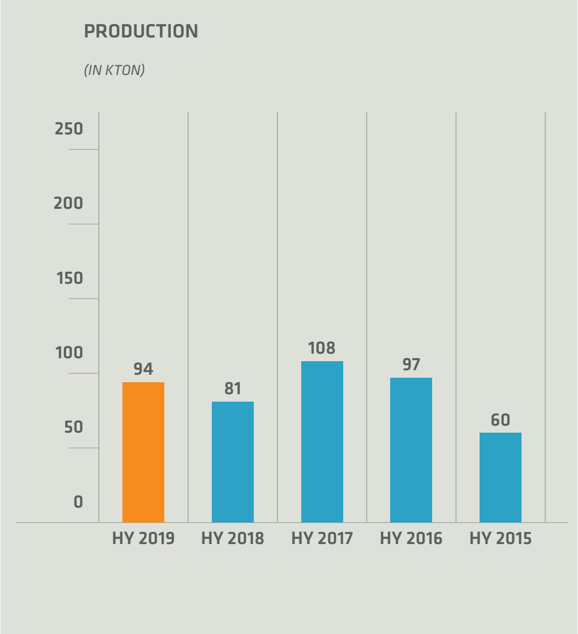
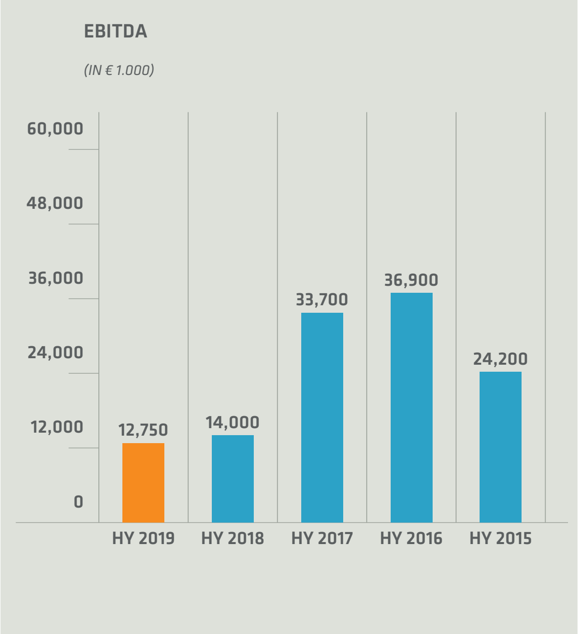
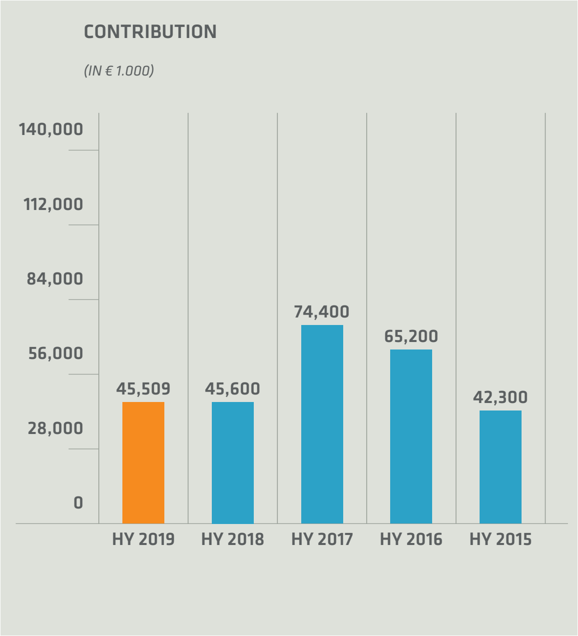
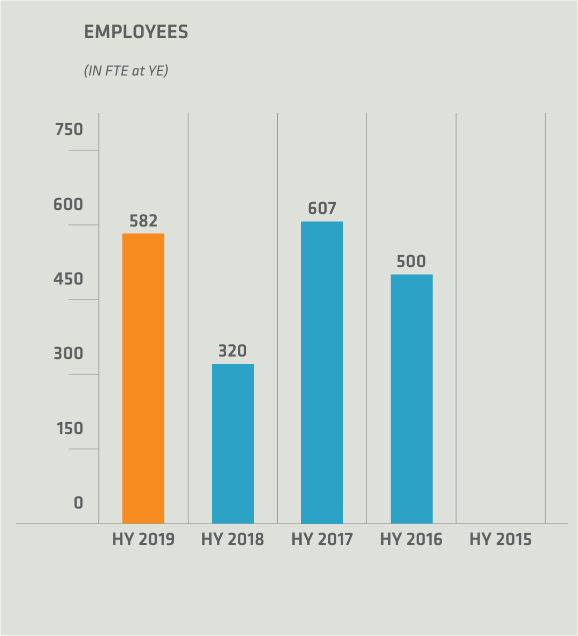

PRODUCTION
(IN KTON)
250
200
150
100
50
0
94
81
108
97
60
HY 2019
HY 2018
HY 2017
HY 2016
HY 2015


EBITDA
(IN € 1.000)
60,000
48,000
36,000
24,000
12,000
0
12,750
14,000
33,700
36,900
24,200
HY 2019
HY 2018
HY 2017
HY 2016
HY 2015


CONTRIBUTION
(IN € 1.000)
140,000
112,000
84,000
56,000
28,000
0
45,509
45,600
74,400
65,200
42,300
HY 2019
HY 2018
HY 2017
HY 2016
HY 2015


EMPLOYEES
(IN FTE at YE)
750
600
450
300
150
0
582
320
607
500
HY 2019
HY 2018
HY 2017
HY 2016
HY 2015


Sif
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Interim Report 2019

Consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June

AMOUNTS IN EUR '000	Notes		2019		2018
			Unaudited		Unaudited
Total revenue from contracts with customers	4		170,392		145,874
Raw materials		81,333		68,237	
Subcontracted work and other external charges		29,060		24,032	
Logistic and other project related expenses		14,491		7,960	
Direct personnel expenses		13,393		13,324	
Production and general manufacturing expenses		5,308		5,182	
Indirect personnel expenses		9,314		7,603	
Depreciation and amortization		8,148		6,912	
Facilities, housing and maintenance		2,079		3,611	
Selling expenses		512		286	
General expenses		2,176		2,331	
Operating profit			4,579		6,396
Finance costs		(1,181)		(756)	
Net finance costs			(1,181)		(756)
Share of profit of joint ventures			0		3
Profit before tax			3,398		5,643
Income tax expense			839		1,290
Profit after tax			**2,558**		**4,353**
Attributable to:					
Equity holders of Sif Holding N.V.			2,558		4,353
Profit after tax			**2,558**		**4,353**
Earnings per share					
Number of ordinary shares outstanding			25,501,356		25,501,356
Basic earnings per share (EUR)			0.10		0.17
Diluted earnings per share (EUR)			0.10		0.17

Interim condensed consolidated statement of financial position as at 30 June

AMOUNTS IN EUR '000	Notes	30-Jun-2019 Unaudited	31-Dec-2018 Audited
Assets			
Intangible fixed assets		1,508	1,230
Property, plant and equipment	5	112,330	111,370
Right-of-use assets		28,317	-
Investment property		400	400
Investments in joint ventures		41	41
Deffered tax receivable		363	-
Total non-current assets		142,959	113,041
Inventories		349	367
Contract assets	6	26,899	28,891
Trade receivables		30,129	47,608
VAT receivables		811	-
Other financial assets		20	90
Prepayments		1,219	754
CIT receivable		567	543
Cash and cash equivalents		1,015	505
Total current assets		61,009	78,758
Total assets		**203,968**	**191,799**

AMOUNTS IN EUR '000	Notes	30-Jun-2019 Unaudited	31-Dec-2018 Audited
Equity			
Share capital		5,100	5,100
Additional paid-in capital		1,059	1,059
Retained earnings		74,828	79,430
Result for the year		2,558	(2,051)
Total equity		83,545	83,538
Liabilities			
Revolving credit facility		15,876	-
Lease Liabilities		25,430	-
Other non-current financial liabilities		130	50
Employee benefits		337	315
Deferred tax liabilities		-	80
Other non-current liabilities		2,563	1,981
Total non-current liabilities		44,336	2,426
Revolving credit facility		-	30,882
Lease Liabilities		3,323	-
Provisions		-	263
Trade payables		44,266	42,353
Contract Liabilities	6	26,056	21,079
Employee benefits		1,263	1,555
Wage tax and social security		664	1,471
VAT payable		-	4,276
Other current liabilities		515	3,956
Total current liabilities		76,087	105,835
Total liabilities		120,423	108,261
Total equity and liabilities		**203,968**	**191,799**

Consolidated statement of changes in equity for the six months ended 30 June

AMOUNTS IN EUR '000	Share capital	Additional paid-in capital	Retained earnings	Result for the year	Total	Non-controlling interests	Total equity
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Balance as at 1 January 2019	5,100	1,059	79,430	(2,052)	83,537	-	83,537
Appropriation of result	-	-	(2,052)	2,052	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Total comprehensive income							
Profit attributable to the shareholder	-	-	-	2,558	2,558	-	2,558
Total comprehensive income	-	-	-	2,558	2,558	-	2,558
Transactions with owners of the Company							
Dividend distributions	-	-	(2,550)	-	(2,550)	-	(2,550)
Total transactions with owners of the Company	-	-	(2,550)	-	(2,550)	-	(2,550)
Balance as at 30 June 2019	**5,100**	**1,059**	**74,828**	**2,558**	**83,545**	**-**	**83,545**
Balance as at 1 January 2018	5,100	1,059	56,320	30,760	93,239	-	93,239
Appropriation of result	-	-	30,760	(30,760)	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Total comprehensive income							
Profit attributable to the shareholder	-	-	-	4,353	4,353	-	4,353
Total comprehensive income	-	-	-	4,353	4,353	-	4,353
Transactions with owners of the Company							
Dividend distributions	-	-	(7,650)	-	(7,650)	-	(7,650)
Total transactions with owners of the Company	-	-	(7,650)	-	(7,650)	-	(7,650)
Balance as at 30 June 2018	**5,100**	**1,059**	**79,430**	**4,353**	**89,942**	**-**	**89,942**

Consolidated cash flow statement for the six months ended 30 June

AMOUNTS IN EUR '000	2019 Unaudited	2018 Unaudited
Cash flows from operating activities		
Profit before tax	3,398	5,643
Adjustments for:		
Depreciation and amortization of property, plant and equipment	6,394	6,912
Depreciation of right-of-use assets	1,754	
Unrealized changes in joint ventures	-	(3)
Movement in provision for loss making contracts	-	(2,192)
Net finance costs	1,181	756
Changes in net working capital		
o Inventories	18	(84)
o Contract assets and liabilities	6,970	(12,440)
o Trade receivables	17,479	11,599
o Prepayments	(465)	389
o Trade payables	1,084	(23,404)
	25,086	(23,940)
VAT payable and receivable	(5,087)	(2,808)
Employee benefits	(269)	100
Wage tax and social security	(807)	128
Other current liabilities	(3,190)	(1,097)
	(9,353)	(3,677)
Income taxes paid	(1,307)	(828)
Interest paid	(1,114)	(742)
Net cash from operating activities	**26,038**	**(18,071)**

Consolidated cash flow statement for the six months ended 30 June(continued)

AMOUNTS IN EUR '000	2019 Unaudited	2018 Unaudited
Cash flows from investing activities		
Purchase of intangible fixed assets	(303)	(647)
Purchase of property, plant and equipment	(4,924)	(899)
Loans and borrowings to joint ventures	70	(75)
Net cash from (used in) investing activities	**(5,157)**	**(1,621)**
Cash flows from financing activities		
Movements in revolving credit facility	(16,325)	26,854
Proceeds from new borrowing	80	-
Payment of lease liabilities	(1,576)	-
Dividends	(2,550)	(7,650)
Net cash from (used in) financing activities	**(20,372)**	**19,204**
Net increase / (decrease) in cash and cash equivalents	510	(488)
Cash and cash equivalents at 1 January	505	877
Cash and cash equivalents at 31 December	**1,015**	**388**

Notes to the interim condensed consolidated financial statements for the six months ended 30 June

1 Reporting entity

Sif Holding N.V. (the 'Company') is a company domiciled in the Netherlands. The Company's registered office is at Mijnheerkensweg 33, Roermond. These interim condensed consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies').

The Group is primarily involved in the manufacturing of metal structures, parts of metal structures, pipes, pipe structures, components for the offshore industry and foundation piles for offshore wind farms.

2 Basis of preparation

These interim condensed consolidated financial statements for the period ended 30 June 2019 have been prepared in accordance with International Financial Reporting Standards IAS 34 (Interim Financial Reporting) as adopted by the European Union (EU-IFRSs).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation of amendment that has been issued but in not yet effective.

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investment property that have been measured at fair value. The Group's consolidated financial statements are presented in EUR ('000), which is also the Company's functional currency, if not stated otherwise. All values are rounded to the nearest thousands (EUR '000) on individual line items which can result in minor rounding differences in sub-totals and totals, except when otherwise indicated. The interim condensed consolidated financial statements have not been audited.

Management estimates and judgements

The preparation of the Group's interim condensed consolidated financial statements requires management to make estimates and assumptions. To make these estimates and assumptions the Group uses factors such as experience and expectations about future events that are reasonably expected to occur given the information that is currently available. These estimates and assumptions are reviewed on an ongoing basis.

Revisions of accounting estimates and assumptions, or differences between accounting estimates and assumptions and the actual outcomes, may result in adjustments to the carrying amounts of assets and liabilities, which would be recognised prospectively.

Contract assets and liabilities

Revenues from contracts with customers and direct costs are recognised in the statement of profit or loss in proportion to the satisfaction over time of each performance obligation. The satisfaction over time is assessed based on the actual hours incurred compared with the estimated hours needed to complete the full performance obligation. In addition, management estimates at each reporting date the total expected costs to be incurred for each individual performance obligation and adjustments are made where appropriate.

Leases

The Group rents warehouse/factory facilities and several housing units in order to carry out its activities. In previous years these rental contracts are accounted for as operating leases under IAS 17. As of September 2015, the Group entered into a lease agreement with Havenbedrijf Rotterdam N.V. for the lease of two plots in the Rotterdam harbour. The lease of plot A started on 1 September 2015 and will end on 1 July 2041 (cancellable as per 1 July 2031), the lease of plot B started at 1 July 2017 and will end on 1 July 2041 (cancellable as per 1 July 2021 and as per 1 July 2031).

Jubilee scheme

The costs of the jubilee scheme are calculated according to actuarial methods. The actuarial method uses assumptions about discount rates, future salary increases, and retention rates. Such estimates are very uncertain, owing to the long-term nature of the scheme. The assumptions used are reviewed each reporting date.

3 New and amended standards and interpretations

Nature and effect of adopting IFRS 16 Leases

The Group applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low-value assets’).

The group has lease contracts for ground lease, cars, transport means and office units. Besides this has the Group lease contracts of office equipment (personal computers, printing and photocopying machines) that are considered of low value.

Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. In an operating lease, the leased property was not capitalized, and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Trade and other payables, respectively. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied most of the available practical expedients wherein it:

> Relied on its assessment of whether leases are onerous immediately before the date of initial application

> Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application

> Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

> Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The discount rate has been determined on an individual basis.

The Group applied IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 was recognized as an adjustment to the opening balance of lease assets and lease liabilities at 1 January 2019, with no restatement of comparative information.

Due to the adoption of IFRS 16, the Group's operating result will decrease, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under IAS 17. The Group has performed a detailed impact assessment of IFRS 16. In summary the impact of IFRS 16 adoption is as follows:

RECONCILIATION OPERATING LEASE OBLIGATION AS AT 31 DECEMBER 2018 TO LEASE LIABILITY AS AT 1 JANAURY 2019:

AMOUNTS IN EUR '000

Operating Lease obligations at 31 December 2018	**33,123**
Relief option for short-term leases	-338
Gross lease liablities at 1 January 2019	**32,785**
Discounting	2,795
Lease liabilities as at 1 January 2019	**29,990**

IMPACT ON THE STATEMENT OF PROFIT OR LOSS (INCREASE/(DECREASE)) FOR THE SIX MONTHS ENDED 30 JUNE 2019:

AMOUNTS IN EUR '000	2019
Depreciation expense	-1,754
Operating lease expense	1,576
Operating result	**-178**
Finance costs	-258
Income tax expense	109
Result for the year	**-327**

Summary of new accounting policies

Right-of-use assets:

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of use assets are subject to impairment.

Lease liabilities:

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

Significant judgement in determining the lease term of contracts with renewal options:

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to terminate or extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g., a change in business strategy).

4 Operating segments

The following table presents revenue and profit information for the Group's operating segments for the six months ended 30 June 2019 and 2018, respectively.

AMOUNTS IN EUR '000	2019				2018			
	Wind	Oil & Gas	Other	Total	Wind	Oil & Gas	Other	Total
Revenue from contracts with customers	165,305	4,296	791	170,392	125,636	18,871	1,367	145,874
Segment contribution	42,714	2,266	528	45,509	33,617	11,247	780	45,644
Gross profit	25,277	1,005	526	26,808	21,430	5,088	621	27,139
Indirect personnel expenses				(9,314)				(7,603)
Depreciation and impairment				(8,148)				(6,912)
Facilities, housing & maintenance				(2,079)				(3,611)
Selling expenses				(512)				(286)
General expenses				(2,399)				(1,724)
Other (income) / expenses				223				(607)
Net finance costs				(1,181)				(756)
Joint ventures				0				3
Total profit before tax				**3,398**				**5,643**

Definitions for applied segments

For management purposes, the Group is organised into divisions based on its products and services and has three operating segments:

- Wind, which produces and delivers monopiles, transition pieces or other foundation components for the off-shore wind industry;
- Oil and Gas, which produces and delivers piles, pile sleeves, pin-piles etcetera for application in the oil and gas industry;
- Other, not Wind or Oil and Gas.

These divisions offer different products and services, and require different technology and target different markets.

Reconciliations of information on reportable segments to IFRS measures

The Group's revenues do not have a seasonal pattern. Finance income, finance costs, taxes and fair value gains and losses on certain financial assets and liabilities are not allocated to individual segments as these are managed on an overall group basis. Total assets, which are all located in the Netherlands, are not allocated to individual segments as these are managed on an overall group basis.

5 Property, plant and equipment

During the six months ended 30 June 2019, the Group acquired assets with a cost of EUR 7.4 million (the six months ended 30 June 2018 EUR 1.5 million). These acquisitions include EUR 7.3 million investments related to assets under construction (the six months ended 30 June 2018 EUR 1 million).

6 Contract assets and liabilities

AMOUNTS IN EUR '000	30-Jun-2019	31-Dec-2018
Contract assets	26,898	28,891
Contract liabilities	(26,056)	(21,079)
	842	**7,812**
Expenses incurred including realized profit to date	817,631	668,076
Invoiced terms	(816,789)	(660,265)
	842	**7,812**

Management periodically reviews the valuation of work in progress based on project agreements, project results till date and estimates of project expenses to be incurred. Each period end management assesses the status of the projects and takes into consideration all aspects in order to finalize the projects in line with contractual agreement and relating contingencies, such as potential upward or downward adjustment in the projected estimates, and accounts for them accordingly. Due to changes in estimates, fluctuations in the anticipated project result can occur over the contract term.

As per 30 June 2019, loss making contracts with a total expected loss of EUR 2.5 million have been identified by management. Per 30 June 2019 percentage of completion of this loss making contracts was 100%. Either in previous years an amount of EUR 3.1 million (for the same contracts) were already recorded in financial statements. The difference of EUR -/- 0,6 million, based on renewed calculations, is recorded in these interim financial statements 2019.

The amounts due from customers concern all projects in progress for which the incurred expenses, including realized profit and project losses to date (if any), exceed the terms invoiced to customers. Amounts due to customers concern the balances of all projects in progress for which the invoiced terms exceed expenses incurred plus recorded profit minus project losses if any.

Both the amounts due to and due from customers predominantly have durations shorter than 12 months and are therefore considered to be current.

7 List of subsidiaries

Included in the interim condensed consolidated financial statements are the following subsidiaries:

Name	Location	Share in issued capital %
Sif Property B.V.	Roermond	100
Sif Netherlands B.V.	Roermond	100
Twinpark Sif BV	Roermond	60

8 Off-balance sheet commitments

Guarantee facilities

At 30 June 2019 guarantee facilities of the Group can be specified as follows:

Name	Type	30 June 2019		31 December 2018	
AMOUNTS IN EUR '000		Total facility	Used	Total facility	Used
Euler Hermes S.A. / Tokio Marine Europe S.A.	General	100,000	68,809	100,000	48,790
Nationale Borg Maatschappij	General	10,000	-	10,000	-
Coöperatieve Rabobank U.A.	General	40,000	16,059	20,000	13,448
ING Bank N.V.	General	40,000	20,729	20,000	9,182
ABN AMRO Bank N.V.	General	40,000	11,269	20,000	11,446
Nationale Borg Maatschappij	Project	2,405	2,405	6,788	6,788
Coöperatieve Rabobank U.A.	Project	16,034	16,034	16,034	16,034
ING Bank N.V.	Project	8,459	8,459	8,459	8,459
Total		**256,898**	**143,764**	**201,281**	**114,147**

The Group is jointly and severally liable for all amounts to which Euler Hermes S.A., Tokio Marine Europe S.A., ING Bank N.V., ABN Amro Bank N.V. and Nationale Borg Maatschappij have a right to claim in relation to the above mentioned guarantees. The former shareholder is also jointly and severally liable for all amounts of the pending guarantees which have been provided before 12 May 2016.

Short-term lease liabilities

The Group rents equipment and several housing units with a remaining duration of less then one year. The remaining payment obligation of these short-term leases per 30 June 2019 is EUR 0,4 million.

9 Dividend

Dividend over financial year 2018 for an amount of 2.6 million (2017: 7.7 million) has been approved by the General meeting of Shareholders dated and paid out on 31 May 2019.

10 Events after the reporting period

There were no material events after 30 June 2019.

Roermond, 27 August 2019
The Board of Directors:

G.G.P.M. van Beers
L.A.M. Verweij

Contact

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