



# Sif

**Sif Holding N.V.**

*(a public limited liability company incorporated under the laws of the Netherlands with its seat in Roermond, the Netherlands)*

**Offering of up to 8,000,000 ordinary shares with a nominal value of EUR 0.20 each**

GKSE Holding B.V. (the “**Selling Shareholder**”) is offering up to 8,000,000 ordinary shares with a nominal value of EUR 0.20 (the “**Offer Shares**”) (which exclude, unless the context indicates otherwise, the Additional Shares as defined below) in the capital of Sif Holding N.V. (the “**Company**”, which, from time to time, may refer to its legal predecessor, S.I.F. Beheer B.V.), and together with its consolidated subsidiaries the “**Group**”).

Capitalised terms used but not otherwise defined in this document (the “**Document**”) are defined in ‘Definitions’.

The offering of the Offer Shares (the “**Offering**”) consists of (i) a public offering to retail and institutional investors in the Netherlands and (ii) a private placement to certain institutional investors in various other jurisdictions.

**Prospective investors should read the whole of this document, including the discussions of certain risks and other factors that should be considered in connection with an investment in the Offer Shares. See ‘Risk Factors’.**

**The price of the Offer Shares (the “Offer Price”) is expected to be between EUR 14.00 and EUR 17.00 (inclusive) per Offer Share (the “Offer Price Range”)**

The Offering will begin on 1 February 2016 and is expected to end on 11 February 2016 (the “**Offering Period**”). On the last day of the Offering Period, subject to acceleration and extension of the timetable for the Offering and barring unforeseen circumstances, prospective retail investors may submit offers to purchase shares until 10 February 2016 on 17:30 Central European Time (“**CET**”) and institutional investors may subscribe for Offer Shares until 11 February 2016 on 2:00 PM (CET). The Selling Shareholder, after consultation with the Joint Global Coordinators (as defined below) may adjust the dates, times and periods given in the timetable and throughout this Document. If the Selling Shareholder should decide to do so, it will make this public through a press release, which will also be posted on the Company’s website. Any other material alterations will be published through a press release that will also be posted on the Company’s website and (if required) in a supplement to this Document that is subject to the approval of the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, “**AFM**”). Any extension of the timetable for the Offering will be published in a press release at least three hours before the end of the original Offering Period, provided that any extension will be for a minimum of one full day. Any acceleration of the timetable for the Offering will be published in a press release at least three hours before the proposed end of the accelerated Offering Period. In any event, the Offering Period will be at least six business days.

There will be a preferential allocation of Offer Shares to eligible retail investors in the Netherlands (the “**Preferential Retail Allocation**”). Each eligible retail investor in the Netherlands (each a “**Dutch Retail Investor**”) will be allocated the first 350 (or fewer) Offer Shares for which such investor applies, provided that if the total number of Offer Shares subscribed for by Dutch Retail Investors under the Preferential Retail Allocation would exceed 10% of the total number of Offer Shares, assuming the Over-Allotment Option (as defined below) is not exercised, the preferential allocation to each Dutch Retail Investor may be reduced *pro rata* to the first 350 (or fewer) Offer Shares for which such investor applies. As a result, Dutch Retail Investors may not be allocated all of the first 350 (or fewer) Offer Shares that they apply for. The exact number of Offer Shares allocated to Dutch Retail Investors will be determined after the Offering Period has ended. To be eligible for the Preferential Retail Allocation, Dutch Retail Investors must place their subscriptions during the period commencing on 1 February 2016 at 9:00 CET and ending on 10 February 2016 at 17:30 CET through financial intermediaries. For more information, please see ‘*The offering*’ below.

This Document does not constitute an offer to sell, or the solicitation of an offer to buy the Company’s ordinary shares (“**Shares**”), to or from any person in any jurisdiction to or from whom or in which such offer or solicitation is unlawful. The Offer Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”). Prospective purchasers that are qualified institutional buyers (“**QIBs**”) as defined in Rule 144A under the Securities Act (“**Rule 144A**”) are hereby notified that the sellers of the Offer Shares may be relying on the exemption from the provisions of

Section 5 of the Securities Act provided by Rule 144A. The Offer Shares are being offered outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”).

The distribution of this Document and the transfer of Offer Shares into jurisdictions other than the Netherlands may be restricted by law and therefore persons into whose possession this Document comes should carefully inform themselves of and observe any such restrictions. There will be no public offer of any Shares in any jurisdictions except the Netherlands. Each purchaser of Offer Shares is deemed to have made certain representations and statements as described in ‘Selling Restrictions’ and each potential investor should carefully read and comply with the contents of ‘Selling Restrictions’.

The Offer Price Range is an indicative price range. Any increase in the top end of the Offer Price Range on the last day of the Offering Period or the determination of an Offer Price above the Offer Price Range will result in the Offering Period being extended by at least two business days. Any increase of the Offer Price Range on the day prior to the last day of the Offering Period will result in the Offering Period being extended by at least one business day. Any change of the Offer Price Range will be announced through a press release, which will also be posted on the Company’s website prior to the end of the Offering Period. The Offer Price and the exact number of Offer Shares offered will be determined by the Selling Shareholder after consultation with the Company and the Joint Global Coordinators after the end of the Offering Period, including any acceleration or extension, on the basis of the book-building process and taking into account the considerations set out in ‘The Offering’. The Offer Price, the exact number of Offer Shares to be offered and the maximum number of Additional Shares will be stated in a pricing statement (the “**Pricing Statement**”) which will be published in a press release that will also be posted on the Company’s website and filed with the AFM.

Prior to the Offering there has not been a public market for the Shares. Application has been made for the admission to listing and trading of all the Shares under the symbol “SIFG” on Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V. (“**Euronext**”). Subject to acceleration or extension of the timetable for the Offering, trading of the Shares on Euronext is expected to commence on or about 12 February 2016 (the “**Listing Date**”) on an “as-if-and-when-issued” basis. Delivery of the Offer Shares is expected to take place on 16 February 2016 (the “**Settlement Date**”) through the book entry facilities of *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* (“**Euroclear Nederland**”) in accordance with Euroclear Nederland’s normal procedures applicable to equity securities and against payment in full for the Offer Shares in immediately available funds.

ABN AMRO Bank N.V. and HSBC Bank plc. are acting as “**Joint Global Coordinators**” for the Offering. ING Bank N.V. and Coöperatieve Rabobank U.A. are acting as the “**Joint Lead Managers**” (and together with the Joint Global Coordinators, the “**Underwriters**”).

The Selling Shareholder has granted an option (the “**Over-Allotment Option**”) to the Underwriters exercisable within 30 calendar days after the Listing Date pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require the Selling Shareholder to sell up to 1,200,000 additional Shares, comprising up to 15% of the total number of Offer Shares sold in the Offering (the “**Additional Shares**”), to cover short positions resulting from any over-allotments made in connection with the Offering and conduct stabilisation transactions (if any).

The closing of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement are not satisfied or waived or occur on or prior to such date (see ‘Plan of Distribution’). If settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any dealings in Shares prior to the Settlement Date are at the sole risk of the parties concerned. Neither the Selling Shareholder, the Company, the Underwriters, the Listing and Paying Agent (as defined herein) nor Euronext accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transactions in Shares on Euronext Amsterdam.

This Document constitutes a prospectus for the purposes of article 3 of the Directive 2003/71/EC as amended (the “**Prospectus Directive**”) and has been prepared pursuant to article 5:2 of the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*, the “**NFSA**”) and the rules promulgated thereunder. This Document has been approved by and filed with the AFM.

**Joint Global Coordinators**

**ABN AMRO**

**HSBC**

**Joint Lead Managers**

**ING**

**Rabobank**

The date of this Document is 1 February 2016 (the “**Document Date**”)

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## 1. SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A-E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Section A – Introduction and warnings		
A.1	Introductions and warnings	<p>This summary should be read as an introduction to this document (the “<b>Document</b>”) relating to the offering (the “<b>Offering</b>”) by GKSE Holding B.V. (the “<b>Selling Shareholder</b>”) of up to 8,000,000 ordinary shares with a nominal value of EUR 0.20 each (the “<b>Offer Shares</b>”)(which exclude, unless the context indicates otherwise, the Additional Shares (as defined below)) of Sif Holding N.V. (the “<b>Company</b>”, which, from time to time, may refer to its legal predecessor, S.I.F. Beheer B.V.), and together with its consolidated subsidiaries, the “<b>Group</b>”), and of the admission to listing and trading of all the Company’s ordinary shares (the “<b>Shares</b>”) under the symbol “SIFG” on Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V. (“<b>Euronext</b>”).</p> <p>Assuming that the Over-Allotment Option (as defined below) is not exercised, the Offer Shares will constitute approximately 31% of the Shares. In the event the Over-Allotment Option is fully exercised, the maximum number of Offer Shares will amount to 9,200,000 Offer Shares which will constitute approximately 36% of the Shares. Any decision by an investor to invest in the Shares or the Company should be based on consideration of the Document as a whole. Where a claim relating to the information contained in the Document is brought before a court, the plaintiff investor might, under the national legislation of the member states of the Economic European Area, have to bear the costs of translating the Document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Document or if it does not provide, when read together with the other parts of the Document, key information in order to aid investors when considering whether to invest in the Shares or the Company.</p>
A.2	Consent, indication, conditions and notice	Not applicable. The Company does not consent to the use of the Document for the subsequent resale or final placement of Offer Shares by financial intermediaries.
Section B – Issuer		
B.1	Legal and commercial name company	The legal name of the Company is Sif Holding N.V. The Company’s commercial names are Sif Holding N.V., Sif and Sif Group.
B.2	Domicile, legal form, legislation and country of incorporation	The Company is a public limited liability company ( <i>naamloze vennootschap</i> ) incorporated under the laws of and is domiciled in the Netherlands. The Company has its corporate seat ( <i>statutaire zetel</i> ) in Roermond, the Netherlands.
B.3	Key factors relating to the nature of the Group’s operations and its principal activities	The Group is a leading manufacturer of large steel tubulars which are used as foundation components for the offshore wind and offshore oil & gas industries. The Group is a Dutch company with facilities located in the Netherlands. The Group primarily produces monopiles and transition

	<p>pieces and piles that are used to anchor jacket foundations in the seabed for offshore wind, as well as piles and the main legs of the larger jackets for oil &amp; gas, as well as tubular structures for various uses such as jetties. The monopile consists of a large tubular structure, typically with conical sections to reduce the diameter from the bottom to the top. Jacket foundations consist of legs welded together with bracings and anchored with separate pin piles, which are hammered into the seabed. Its products are customised based on the specific needs of a customer with respect to the design of the product.</p> <p>Geographically, the Group's core markets are the UK, Germany, Belgium, Denmark, the Netherlands and France. The Group's products are predominantly installed in the greater North Sea region. Based on numbers of monopiles produced, the Group served approximately one-third of the European offshore wind market and based on large tubular foundation components for oil &amp; gas approximately 50% of the offshore oil &amp; gas market between 2010 and 2014, according to the Group's management. Having produced more than 1,200 monopiles for the offshore wind market, the Group has accumulated extensive experience in a wide range of applications based on cost competitiveness and continuous innovation of machinery and processes. Additionally, the Group has a solid track record in quality and on-time delivery, has historically been financially stable, including throughout the global financial crisis and the subsequent lack of banking appetite to finance offshore wind projects, and has strong cooperative arrangements in place with steel plate supplying partner Dillinger Hütte and transition piece outfitter Smulders, part of the Eiffage group, which it believes helps to ensure quality and reliability of its input material.</p> <p>In offshore wind, the Group is a leading manufacturer of monopiles and primary steel for transition pieces, and is also active as a tubular supplier for other types of foundations in use by the industry: piles for jackets or tubulars for gravity-based or suction-based foundations. The Group also manufactures large and complex steel tubulars for the oil &amp; gas industry. The Group's expertise is primarily focused on jacket tubulars, including jacket legs, launch legs, bracings, pile sleeves and piles, but also jack-up legs, anchor/mooring piles, internal ring stiffeners, attachments and clad structures. In addition to the offshore wind and oil &amp; gas business lines, the Group also manufactures parts for machines and civil engineering projects.</p> <p>The Group identifies the following key competitive strengths of its business:</p> <ul style="list-style-type: none"> <li>● Unique proposition based on the high growth European offshore wind market.</li> <li>● Monopiles are the industry standard foundation, set to continue with XL monopiles, driving strong market growth.</li> <li>● The Group is a leader in consolidated industry, characterised by high barriers to entry.</li> <li>● Attractive business model offering high visibility, flexibility and capital efficiency.</li> <li>● A strong position offering the potential to capture market growth with new twin XL production lines and facilities.</li> <li>● Strong position in oil &amp; gas tubular components, with flexibility to deploy capacity to other markets.</li> <li>● History of profitability and strong cash conversion.</li> <li>● Management team with deep industry experience.</li> </ul>
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		<p>The Group's primary products consist of monopiles, transition pieces and tubular structures for jackets. Monopiles can be further divided into regular monopiles and XL monopiles (monopiles with a diameter of 7m or larger).</p> <p>The Group continuously invests in production equipment, in particular to increase its production capacities to produce XL monopiles and to increase the level of automation. The latest investment, which is currently in progress, comprises modern dual assembly lines that join monopile sections into a complete monopile and a multi-bay coating facility at its new facilities at the Maasvlakte 2 in the Rotterdam harbour. This facility will enable the Group to complete, deliver, store and load XL monopiles up to 11m in diameter, 120m in length and up to 2,000 tons in weight. The Group estimates an increase in installed annual theoretical production capacity of approximately 30% from 225 ktons to 300 ktons per year.</p>
B.4a	Most significant recent trends affecting the Group and industries in which it operates	<p><u>Current trends de-risking the market:</u></p> <p><i>Rising certainty on policy support:</i> Long-awaited policy reforms in the main offshore wind markets of Germany, the Netherlands, France and the UK were finalised in the second half of 2014 allowing for greater visibility on the project pipeline.</p> <p><i>Improving financing availability:</i> 2014 reflected a strong return of liquidity in the markets and an increased appetite for credit with the highest investment in offshore wind to date. According to the Group's management, the first nine months of 2015 this trend has increased compared to 2014. Rising use of project finance (a form of non-recourse debt) is expected to be a key driver for increasing financing availability. Equity financing has improved with the entry of new players including pension funds, private equity (PE) funds, sovereign wealth funds (SWF) and independent power producers (IPP). Government sponsored credit entities (UK's Green investment bank, Germany's KfW) have also been active in the sector. Improved financing availability offers the potential for further development of the industry.</p> <p><i>De-risking of supply chain:</i> The offshore wind industry's supply chain is relatively well supplied to facilitate the feasibility of future project completions with the exception of potential bottlenecks on installation vessels for larger foundations and turbines. MAKE Consulting expects installation vessels to be in short supply if no new investments are made. The Group's management, however, believes that although capacity might be tight, it should be sufficient to meet demand because if required floating vessels used primarily for oil and gas installations can be utilized for offshore wind installations. Expected building up of capacity for the rest of the supply chain elements, including turbine nacelles and blades, is expected to take less time than developing a project.</p> <p><u>Other key trends in the market:</u></p> <p><i>Evolving utility strategies:</i> As more offshore wind farms have been constructed over time, utility companies are directly managing projects, especially for smaller sized ones (multi-contracting). E.ON is a recent example of acting as a multi-contractor, having executed two projects in the period 2013 to 2014.</p> <p><i>Increasing water depths and distance to shore:</i> Over the years, offshore wind farms have moved further from shore and into deeper waters. At the end of 2014, the average water depth of European onshore wind farms was 22.4 m and the average distance to shore 32.9 km (Source: EWEA). Data from projects under construction, consented and planned confirms that average water depths and distances to shore are likely to increase.</p> <p><i>Increasing turbine size:</i> Introduction of &gt;6 MW models is set to increase the average turbine size in the coming years. Siemens and Senvion</p>

		<p>currently offer 6 MW models while MHIVestas’ 8 MW prototype was commissioned in 2014. MAKE expects the average turbine rating in Europe to leap considerably from 4.2 MW in 2014 to 7.4 MW in 2020.</p> <p><u>Key trends in the global Oil &amp; Gas market:</u></p> <p>New exploration and production (E&amp;P) projects in areas such as tar sands and the arctic region are expected to be postponed or cancelled until oil prices recover, while projects with lower total costs per barrel in, for example, the North Sea and the Middle East are expected to continue to some extent. In addition, fields that have been producing but are currently uneconomic with cash extraction costs above current oil prices, such as Canadian tar sands, are expected to be delayed.</p>																								
B.5	Description of the Group and the Company’s position therein	<p>The Company is a holding company without material direct business operations. The principal assets of the Company are the equity interests it directly or indirectly holds in its Group companies.</p> <p>Sif Holding N.V. will be the listed holding company of the Group. Sif Netherlands B.V., a 100% subsidiary of Sif Holding N.V., is responsible for all activities. Sif Property B.V., also a 100% subsidiary of Sif Holding N.V., holds all the real estate the Group owns. All subsidiaries are incorporated in the Netherlands.</p>																								
B.6	Major Shareholders	<p>The following table sets forth information with respect to the beneficial ownership of each Shareholder holding 3% or more of the shareholdings in the Company through their holdings in the Selling Shareholder as at the date of this Document:</p> <table><tr><th rowspan="3">Name</th><th colspan="6">Shares owned immediately following the issuance of the Offer Shares</th></tr><tr><th colspan="2" rowspan="2">Shares owned as of the Document Date</th><th colspan="2">Shares owned immediately following the issuance of the Offer Shares -without Over-Allotment Options</th><th colspan="2">Shares owned immediately following the issuance of the Offer Shares -with Over-Allotment Options</th></tr><tr><th>Total</th><th>%</th><th>Total</th><th>%</th></tr><tr><td>GKSE Holding B.V.*</td><td>25,501,356</td><td>100%</td><td>17,501,356</td><td>69%</td><td>16,301,356</td><td>64%</td></tr></table> <p>* GKSE Holding B.V. is indirectly controlled by Egeria Capital B.V.</p> <p>Except as disclosed above, the Company is not aware of any other person or legal entity that, as of the date of this Document, has a direct or indirect capital or voting interest in the Company of 3% or more that should be notified in accordance with Section 5:38 NFSA. Each Share confers the right to cast one vote in the general meeting of the Company (the “<b>General Meeting</b>”). All shareholders of the Company (the “<b>Shareholders</b>”) have the same voting rights.</p> <p>Before the Offering is completed, the Selling Shareholder directly controls the vote at any General Meeting. After the Offering is completed, the Selling Shareholder will, either alone or acting in concert, due to its shareholdings, be in a position to exert substantial influence on the General Meeting and, consequently, on matters decided by the General Meeting, including the appointment of members of the supervisory board of the Company (the “<b>Supervisory Board</b>”, each member a “<b>Supervisory Director</b>”) and the management board of the Company (the “<b>Management Board</b>”, each member a “<b>Managing Director</b>”). Furthermore, the Selling Shareholder will, in the case of a majority of more than half of the votes cast (simple majority) of votes being required, have sufficient votes to block or pass measures at a particular General Meeting without the concurrence of other Shareholders. Furthermore, it might, depending on the level of attendance of other Shareholders at the</p>	Name	Shares owned immediately following the issuance of the Offer Shares						Shares owned as of the Document Date		Shares owned immediately following the issuance of the Offer Shares -without Over-Allotment Options		Shares owned immediately following the issuance of the Offer Shares -with Over-Allotment Options		Total	%	Total	%	GKSE Holding B.V.*	25,501,356	100%	17,501,356	69%	16,301,356	64%
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		General Meeting, also have sufficient votes to block or pass measures at a particular General Meeting without the concurrence of other shareholders if a qualified majority of votes is required.																																																																																																																																										
B.7	Selected key historical financial information	<p>The selected consolidated historical financial information of the Group shown in the tables below should be read in conjunction with the information contained in ‘Important information – Presentation of financial and other information’, ‘Capitalisation and indebtedness’, ‘Operating and financial review’, and the financial statements. The tables below contain selected unaudited interim consolidated financial information of the Group for the nine-month period ended 30 September 2015 which includes comparisons with the nine-month period ended 30 September 2014 and should be read in conjunction with the accompanying notes thereto and the auditor’s review report thereon, and selected audited consolidated financial information of the Group as at and for the fiscal year ended 31 December 2014, 31 December 2013 and 31 December 2012 which should be read in conjunction with the accompanying notes thereto and the auditor’s report thereon. The financial information has been prepared in accordance with IFRS, with the exception of certain non-IFRS financial measures as disclosed under ‘Important information – Non-IFRS measures’.</p> <table><tr><th>Selected consolidated income statement data (EUR 1,000)</th><th>Q3 2015 Reviewed</th><th>Q3 2014 Reviewed</th><th>FY 2014 Audited</th><th>FY2013 Audited</th><th>FY 2012 Audited</th></tr><tr><td><b>Total Revenue</b></td><td>213,535</td><td>211,412</td><td>262,523</td><td>336,267</td><td>163,252</td></tr><tr><td>Raw materials</td><td>(73,774)</td><td>(92,342)</td><td>(99,096)</td><td>(128,497)</td><td>(71,055)</td></tr><tr><td>Subcontracted work &amp; other external charges</td><td>(63,801)</td><td>(47,201)</td><td>(61,594)</td><td>(104,813)</td><td>(15,115)</td></tr><tr><td>Logistic &amp; other project related expenses</td><td>(6,319)</td><td>(11,002)</td><td>(18,239)</td><td>(17,658)</td><td>(6,651)</td></tr><tr><td>Cost of Sales</td><td>(143,894)</td><td>(150,545)</td><td>(178,929)</td><td>(250,968)</td><td>(92,821)</td></tr><tr><td><b>Contribution</b></td><td><b>69,641</b></td><td><b>60,867</b></td><td><b>83,594</b></td><td><b>85,299</b></td><td><b>70,431</b></td></tr><tr><td>Direct personnel expenses</td><td>(14,995)</td><td>(13,867)</td><td>(19,835)</td><td>(26,017)</td><td>(23,215)</td></tr><tr><td>Production &amp; general manufacturing expenses</td><td>(5,054)</td><td>(5,079)</td><td>(6,972)</td><td>(7,592)</td><td>(6,619)</td></tr><tr><td><b>Gross Profit</b></td><td><b>49,592</b></td><td><b>41,920</b></td><td><b>56,788</b></td><td><b>51,690</b></td><td><b>40,597</b></td></tr><tr><td>Indirect personnel expenses</td><td>(5,360)</td><td>(5,183)</td><td>(6,541)</td><td>(4,123)</td><td>(3,710)</td></tr><tr><td>Depreciation &amp; impairment</td><td>(5,197)</td><td>(5,448)</td><td>(7,391)</td><td>(7,067)</td><td>(6,475)</td></tr><tr><td>Facilities, housing &amp; maintenance</td><td>(1,277)</td><td>(1,262)</td><td>(1,820)</td><td>(1,746)</td><td>(1,277)</td></tr><tr><td>Selling expenses</td><td>(351)</td><td>(267)</td><td>(403)</td><td>(494)</td><td>(382)</td></tr><tr><td>General expenses</td><td>(3,285)</td><td>(1,451)</td><td>(2,106)</td><td>(1,791)</td><td>(1,792)</td></tr><tr><td>Other income / expenses</td><td>107</td><td>209</td><td>(176)</td><td>414</td><td>18</td></tr><tr><td><b>Operating profit</b></td><td><b>34,229</b></td><td><b>28,519</b></td><td><b>38,350</b></td><td><b>36,883</b></td><td><b>26,979</b></td></tr><tr><td>Finance income</td><td>68</td><td>40</td><td>90</td><td>37</td><td>220</td></tr><tr><td>Finance costs</td><td>(1,085)</td><td>(1,531)</td><td>(1,888)</td><td>(1,407)</td><td>(2,442)</td></tr><tr><td>Net finance costs</td><td>(1,017)</td><td>(1,490)</td><td>(1,798)</td><td>(1,370)</td><td>(2,222)</td></tr><tr><td><b>Profit before tax</b></td><td><b>33,212</b></td><td><b>27,029</b></td><td><b>36,552</b></td><td><b>35,513</b></td><td><b>24,757</b></td></tr><tr><td>Income tax expense</td><td>(7,501)</td><td>(6,389)</td><td>(8,557)</td><td>(8,917)</td><td>(5,905)</td></tr><tr><td><b>Profit attributable to the shareholders</b></td><td><b>25,711</b></td><td><b>20,640</b></td><td><b>27,995</b></td><td><b>26,596</b></td><td><b>18,852</b></td></tr></table>	Selected consolidated income statement data (EUR 1,000)	Q3 2015 Reviewed	Q3 2014 Reviewed	FY 2014 Audited	FY2013 Audited	FY 2012 Audited	<b>Total Revenue</b>	213,535	211,412	262,523	336,267	163,252	Raw materials	(73,774)	(92,342)	(99,096)	(128,497)	(71,055)	Subcontracted work & other external charges	(63,801)	(47,201)	(61,594)	(104,813)	(15,115)	Logistic & other project related expenses	(6,319)	(11,002)	(18,239)	(17,658)	(6,651)	Cost of Sales	(143,894)	(150,545)	(178,929)	(250,968)	(92,821)	<b>Contribution</b>	<b>69,641</b>	<b>60,867</b>	<b>83,594</b>	<b>85,299</b>	<b>70,431</b>	Direct personnel expenses	(14,995)	(13,867)	(19,835)	(26,017)	(23,215)	Production & general manufacturing expenses	(5,054)	(5,079)	(6,972)	(7,592)	(6,619)	<b>Gross Profit</b>	<b>49,592</b>	<b>41,920</b>	<b>56,788</b>	<b>51,690</b>	<b>40,597</b>	Indirect personnel expenses	(5,360)	(5,183)	(6,541)	(4,123)	(3,710)	Depreciation & impairment	(5,197)	(5,448)	(7,391)	(7,067)	(6,475)	Facilities, housing & maintenance	(1,277)	(1,262)	(1,820)	(1,746)	(1,277)	Selling expenses	(351)	(267)	(403)	(494)	(382)	General expenses	(3,285)	(1,451)	(2,106)	(1,791)	(1,792)	Other income / expenses	107	209	(176)	414	18	<b>Operating profit</b>	<b>34,229</b>	<b>28,519</b>	<b>38,350</b>	<b>36,883</b>	<b>26,979</b>	Finance income	68	40	90	37	220	Finance costs	(1,085)	(1,531)	(1,888)	(1,407)	(2,442)	Net finance costs	(1,017)	(1,490)	(1,798)	(1,370)	(2,222)	<b>Profit before tax</b>	<b>33,212</b>	<b>27,029</b>	<b>36,552</b>	<b>35,513</b>	<b>24,757</b>	Income tax expense	(7,501)	(6,389)	(8,557)	(8,917)	(5,905)	<b>Profit attributable to the shareholders</b>	<b>25,711</b>	<b>20,640</b>	<b>27,995</b>	<b>26,596</b>	<b>18,852</b>
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Selected consolidated cash flow data (EUR 1,000)		Q3 2015 Reviewed	Q3 2014 Reviewed	FY 2014 Audited	FY2013 Audited	FY 2012 Audited
<b>Cash flows from operating activities</b>						
Profit before tax		33,212	27,029	36,552	35,513	24,757
Adjustments for:						
– Depreciation		5,197	5,448	7,315	7,067	6,475
– Net finance cost		1,017	1,491	1,798	1,370	2,222
– Impairment on investment property		—	—	76	—	—
– Changes in net working capital						
– Inventories		36	(46)	(76)	(94)	132
– Work in progress amounts due to and from cust.		789	25,318	22,283	(9,881)	(27,844)
– Trade receivables		(61,561)	(447)	11,033	(969)	25,705
– Prepayments		(178)	462	603	1,595	(1,717)
– Trade and other payables		39,837	(16,526)	(35,669)	25,836	4,822
		(21,077)	8,761	(1,826)	16,487	1,098
– VAT payable and receivable		(8,391)	1,857	—	—	—
– Other financial assets		118	675	777	(234)	(454)
– Employee benefits		(327)	(317)	(263)	400	189
– Wage tax and social security		(683)	212	944	(494)	561
– Other current liabilities		2,041	1,463	127	33	167
		(7,242)	3,890	1,585	(295)	463
Income taxes paid – by shareholder		(7,747)	(6,715)	(10,113)	(5,811)	(9,582)
Interest paid – by shareholder		(606)	(909)	(1,135)	(1,113)	(1,085)
Interest paid		(728)	(561)	(682)	(730)	(618)
<b>Net cash from operating activities</b>		<b>2,026</b>	<b>38,435</b>	<b>33,570</b>	<b>52,488</b>	<b>23,730</b>
<b>Cash flows from investing activities</b>						
Proceeds from sale of property, plant and equipment		—	—	—	67	—
Purchase of property, plant and equipment		(10,373)	(7,102)	(7,930)	(2,171)	(10,990)
Purchase of investment property		—	—	—	(475)	—
Current account with shareholder		(921)	(25,116)	(31,593)	(21,937)	(19,662)
<b>Net cash from (used in) investing activities</b>		<b>(11,294)</b>	<b>(32,218)</b>	<b>(39,523)</b>	<b>(24,516)</b>	<b>(30,652)</b>
<b>Cash flows from financing activities</b>						
Proceeds from net borrowings		—	—	—	8,982	—
Repayment of borrowings		(2,000)	(2,500)	(5,000)	(3,000)	(6,982)
<b>Net cash from (used in) financing activities</b>		<b>(2,000)</b>	<b>(2,500)</b>	<b>(5,000)</b>	<b>5,982</b>	<b>(6,982)</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>(11,269)</b>	<b>3,716</b>	<b>(10,953)</b>	<b>33,954</b>	<b>(13,904)</b>

<b>Selected other financial data EUR 1,000</b>	<b>Q3 2015 Reviewed</b>	<b>Q3 2014 Reviewed</b>	<b>FY 2014 Audited</b>	<b>FY2013 Audited</b>	<b>FY 2012 Audited</b>
<b>Total Revenue</b>	<b>213,535</b>	<b>211,412</b>	<b>262,523</b>	<b>336,267</b>	<b>163,252</b>
Raw materials	(73,774)	(92,342)	(99,096)	(128,497)	(71,055)
Subcontracted work & other external charges	(63,801)	(47,201)	(61,594)	(104,813)	(15,115)
Logistic & other project related expenses	(6,319)	(11,002)	(18,239)	(17,658)	(6,651)
<b>Cost of Sales</b>	<b>(143,894)</b>	<b>(150,545)</b>	<b>(178,929)</b>	<b>(250,968)</b>	<b>(92,821)</b>
<b>Contribution<sup>1</sup></b>	<b>69,641</b>	<b>60,867</b>	<b>83,594</b>	<b>85,299</b>	<b>70,431</b>
Direct personnel expenses	(14,995)	(13,867)	(19,835)	(26,017)	(23,215)
Production & general manufacturing expenses	(5,054)	(5,079)	(6,972)	(7,592)	(6,619)
<b>Gross Profit<sup>2</sup></b>	<b>49,592</b>	<b>41,921</b>	<b>56,788</b>	<b>51,690</b>	<b>40,597</b>
EBITDA <sup>3</sup>	39,426	33,967	45,741	43,950	33,454
EBITDA <sup>3</sup> / Contribution	57%	56%	55%	52%	47%
<b>Profit attributable to shareholders</b>	<b>25,711</b>	<b>20,640</b>	<b>27,995</b>	<b>26,596</b>	<b>18,852</b>
Cash Conversion <sup>4</sup> – bank covenants	53%	58%	62%	74%	50%
Dividend Paid Out	32,654	18,466	18,466	23,420	36,572
Gross Debt <sup>5</sup>	34,539	38,883	36,427	41,244	35,806
<b>Gross Debt / EBITDA</b>	<b>0.7</b>	<b>0.9</b>	<b>0.8</b>	<b>0.9</b>	<b>1.1</b>
Net Debt	20,815	(779)	11,434	5,298	33,814
<b>Net Debt / EBITDA</b>	<b>0.4</b>	<b>(0.0)</b>	<b>0.2</b>	<b>0.1</b>	<b>1.0</b>
Fixed Charge Cover Ratio <sup>6</sup>	6.8	4.9	4.1	7.4	1.8
Solvency <sup>7</sup>	28%	32%	44%	30%	36%
ROCE <sup>8</sup>	55%	44%	42%	42%	35%
CAPEX	(10,373)	(7,102)	(7,930)	(2,579)	(10,990)

- (1) Contribution is calculated as revenues minus cost of sales which includes costs for raw materials, subcontracted work and other external charges and logistic and other project related charges.
- (2) Gross Profit is calculated as contribution minus direct personnel expenses minus production & general manufacturing expenses.
- (3) EBITDA is defined as operating profit whereby the depreciation & amortisation are added back. EBITDA is not a measure of liquidity or performance calculated in accordance with IFRS and should be viewed as a supplement, not a substitute for, the Group's results of operations presented in accordance with IFRS. The reconciliation of EBITDA to operating profit is set forth below.

<b>EUR 1,000</b>	<b>Q3 2015 Reviewed</b>	<b>Q3 2014 Reviewed</b>	<b>FY 2014 Audited</b>	<b>FY2013 Audited</b>	<b>FY 2012 Audited</b>
<b>Operating profit</b>	<b>34,229</b>	<b>28,519</b>	<b>38,350</b>	<b>36,883</b>	<b>26,979</b>
add back Depreciation & Amortisation	5,197	5,448	7,391	7,067	6,475
<b>EBITDA</b>	<b>39,426</b>	<b>33,967</b>	<b>45,741</b>	<b>43,950</b>	<b>33,454</b>

- (4) Cash Conversion is calculated as free cash flow divided by EBITDA, whereby free cash flow is defined as EBITDA minus income tax charges minus the change in provisions minus capital expenditures. Provisions consists of provisions for guarantee, jubilee, maintenance and deferred taxes. Cash Conversion is not a term defined under IFRS and may not be comparable with similarly titled measures reported by other companies. The Group's management is of the view that the gross profit amounts for the nine months ended September 2015 gross profit amounts set out above and the EBITDA amounts for the nine months ended September 2015 set out below provide an adequate estimation of the full year results.
- (5) Gross Debt is the outstanding debt under the existing credit facilities.
- (6) Cash flow cover is calculated as free cash flow divided by financing charges. The financing charges consist of the net financing costs plus any debt repayments.
- (7) Solvency is calculated as total equity and any subordinated loans divided by the total assets.
- (8) ROCE is "return on capital employed" and is calculated as EBIT divided by capital employed. EBIT is calculated as the operating profit and capital employed is calculated as total equity plus loans and borrowings.

B.8	Selected key <i>pro forma</i> financial information	Not applicable. No <i>pro forma</i> financial information has been included in the Prospectus.
B.9	Profit forecast	Not applicable. The Company has not issued a profit forecast.
B.10	Historical audit report qualifications	Not applicable. There are no qualifications in the auditor's report on the historical financial information for the years ended 31 December 2012, 2013 and 2014.
B.11	Explanation if insufficient working capital	Not applicable. The Group believes that the working capital available to it is sufficient for its present requirements, that is for at least the next twelve months following the date of this Document.
<b>Section C – Securities</b>		
C.1	Type, class and security identification number	<p>The Shares are ordinary shares in the issued and outstanding share capital of the Company.</p> <p>Application has been made for the admission to listing and trading of all the Shares under the symbol “SIFG” on Euronext Amsterdam with ISIN Code: NL0011660485, Common Code 135523232.</p>
C.2	Currency of the Offer Shares	The Offer Shares are denominated in and will trade in euros.
C.3	Number of shares issued and par value per share	<p>The authorised capital of the Company amounts to EUR 25,000,000 and consists of 125,000,000 Shares with a nominal value of EUR 0.20 each and the issued share capital consist of 25,501,356 Shares.</p> <p>As of the date of this Document, no Shares are held by the Company. All issued Shares are fully paid-up and are subject to, and have been created under, the laws of the Netherlands.</p>
C.4	Rights attached to the securities	<p>The Offer Shares will carry dividend rights as of the date of issue. Each Share confers the right to cast one vote in the General Meeting. There are no restrictions on voting rights.</p> <p>Upon an issuance of Shares, each Shareholder shall have a pre-emption right in proportion to the aggregate nominal value of his shares. Shareholders do not have pre-emption rights in respect of Shares issued against non-cash contribution or Shares issued to employees of the Company or of the Group. These pre-emption rights also apply in case of the granting of rights to subscribe for Shares, but do not apply in respect of issuing shares to a party exercising a previously acquired right to subscribe for Shares.</p> <p>Pre-emption rights may be limited or excluded by a resolution of the General Meeting at the proposal of the Management Board, which proposal is subject to the prior approval of the Supervisory Board. The General Meeting may also designate this authority to the Management Board, subject to the prior approval of the Supervisory Board, for a period not exceeding five (5) years, and only if the Management Board at that time is also authorised to issue Shares.</p> <p>The Management Board is authorised for a period of eighteen (18) months following the Settlement Date, subject to the approval of the Supervisory Board, to resolve to issue Shares or grant rights to subscribe for shares, to limit or exclude pre-emption rights in relation to an issuance of Shares. Aforementioned authorisations of the Management Board are limited to (i) up to a maximum of 5% of the issued share capital from time to time, and (ii) an additional 5% of the issued share capital from time to time in relation to takeovers, mergers, demergers and strategic alliances.</p>

C.5	Restrictions on free transferability of the securities	<p>There are no restrictions on the transferability of the Shares in the articles of association of the Company (the “<b>Articles of Association</b>”).</p> <p>However, the Offering to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the Netherlands, and the transfer of Offer Shares into jurisdictions other than the Netherlands may be subject to specific regulations or restrictions.</p>
C.6	Listing and admission to trading	<p>Prior to the Offering there has not been a public market for the Shares. Application has been made for the admission to listing and trading of all the Shares under the symbol “SIFG” on Euronext. Subject to acceleration or extension of the timetable for the Offering, trading of the Shares on Euronext is expected to commence on or about 12 February 2016 (the “<b>Listing Date</b>”) on an “as-if-and-when-issued” basis.</p>
C.7	Dividend policy	<p>In relation to the year 2016 and beyond, the Company expects to pay an ordinary dividend in line with the Company’s medium to long term financial performance and targets to increase dividends-per-Share over time. The Company envisages that, as a result of this policy, the ordinary dividend pay-out ratio will range between 25-40% of the Group’s profit in any given year. The Company anticipates it will pay a dividend for 2016 in the first half of 2017, depending on the Company’s profit in that year, and its liquidity position and leverage at that time.</p>
<b>Section D – Risks</b>		
D.1	Key risks relating to the Company and its industry	<p><b>Risks relating to the Group’s business and industry</b></p> <ul style="list-style-type: none"> <li>● The Group’s profitability would be materially adversely affected if current governmental support of renewable energy would be modified, not renewed at the current levels, or at all.</li> <li>● The Group’s order intake, revenue, cash flow and profits from the sale of its products are impacted by the general economic environment and economic factors affecting it and its customers.</li> <li>● Any reputational damage to offshore wind or oil &amp; gas solutions may result in customers withdrawing orders or a decrease in demand for the Group’s products.</li> <li>● Fluctuations in the prices of other sources of energy could materially and adversely impact the cost competitiveness of the Group’s products.</li> <li>● Technological developments may result in reduced demand in the energy market for the solutions offered by the Group.</li> <li>● Fluctuations in the prices of raw materials and technical developments with respect to alternative materials could materially and adversely affect the demand for the Group’s products.</li> <li>● Demand for the products of the Group could be materially and adversely affected by restrictions in the ability of its customers to finance projects.</li> <li>● The Group could be affected by increasing competition from new and existing industry participants and face pressure on pricing of the Group’s products.</li> </ul> <p><b>Risk relating to the Group</b></p> <ul style="list-style-type: none"> <li>● The Group is dependent on key suppliers and partners and is subject to suppliers’ and partners’ credit risk and supply chain risks, which may affect the timely delivery and quality of raw materials and components.</li> </ul>

		<ul style="list-style-type: none"> <li>● Deviations or delays in relation to projects may have a material adverse effect on the Group's revenue, earnings and cash flows.</li> <li>● The Group's success and results of operations are partly dependent on the strength of its reputation and the reputation of its partners. Any damage to the reputation of the Group or its partners may result in customers not awarding the Group their future business or loss of the opportunity to bid for future business.</li> <li>● The Group's involvement in joint ventures and partnerships over which the Group does not have full control could prevent the Group from achieving its objectives.</li> <li>● The Group's revenue and cash flows are subject to fluctuations during the year and project delays may result in material timing deviations that could materially and adversely affect the Group's expected revenue, profitability and cash flows.</li> <li>● The Group may be confronted with claims arising from defects that occur within or after the defect notification period.</li> <li>● If the Group fails to complete a project on time, misses a required performance standard or otherwise fails to adequately perform on projects, the Group may incur a loss on that project.</li> <li>● The Group may have difficulties ensuring the Maasvlakte 2 facilities will become operational in time and with the expected efficiency.</li> <li>● The Group has a concentrated business model, in terms of suppliers, products offered, geographical focus and customers.</li> <li>● Operating the new temporary facilities at Flushing may result in additional costs, delays or may be prohibited.</li> <li>● The Group relies significantly on the skills and experience of the managerial staff and other key personnel in Roermond, and, in the future, Maasvlakte 2, and a loss of these individuals could materially and adversely affect the Group.</li> <li>● The Group may have difficulties with allocating skilled and sufficient human resources to effectively address all current developments.</li> <li>● Unexpected repairs or breakdowns of the Group's equipment may require substantial expenditure.</li> <li>● The Group's internal control systems may not adequately identify all risks and the Group may not properly assess the impact such risks may have.</li> <li>● Non-compliance with internal procedures may reduce production and/or increase costs.</li> <li>● The Group and the market in which it operates are subject to changes in environmental, health and safety and other laws and regulations.</li> <li>● Local content requirements may require the Group to either produce parts of the projects abroad or act as a sub-contractor to a supplier in a foreign jurisdiction, resulting in a lower margin.</li> <li>● The Group is subject to the risk of disputes with, and claims by, customers, subcontractors, (former) employees and other contractual counterparties or third parties.</li> <li>● Failure to comply with laws and regulations to which the Group is subject may lead to disciplinary, administrative, civil and/or criminal enforcement actions, fines, penalties and civil liability and may lead to negative publicity harming the Group's business and reputation.</li> <li>● The Group may be subject to claims for the infringement of intellectual property rights of third parties, which could materially and adversely disrupt the Group's business and cause financial loss.</li> </ul>
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D.3	Key risks relating to the securities	<p><b>Risks relating to the Shares, the Offering and the Shareholder structure</b></p> <ul style="list-style-type: none"> <li>● Prior to the Offering, the Company operated as a private company and therefore, it has no experience operating as a public company and complying with public company obligations. Complying with these requirements will increase costs, require additional management resources and qualified accounting and financial personnel, and the Company may fail to meet one or more of these obligations.</li> <li>● Following the Offering, the Company's largest shareholder will be in a position to exert substantial influence on the Group and the interests pursued by such shareholder could differ from the interests of the Company's other shareholders.</li> <li>● The payment of future dividends will depend on the Group's financial condition and results of operations, as well as on the Group's operating subsidiaries' distributions to the Company.</li> <li>● Future sales or the possibility of future sales of a substantial number of Shares by the Selling Shareholder may materially and adversely affect the market price of the Shares.</li> <li>● Future offerings of debt or equity securities by the Company may materially and adversely affect the market price of the Shares and may dilute investors' shareholdings.</li> <li>● Shareholders outside the Netherlands may not be able to exercise pre-emptive rights in future offerings.</li> </ul>



		<ul style="list-style-type: none"> <li>● The Shares have not been publicly traded, and there is no guarantee that an active and liquid market for the Shares will develop.</li> <li>● If securities or industry analysts do not publish research, or publish inaccurate or unfavourable research, about the Company's business, the price of the Shares and the trading volume could decline.</li> <li>● The Company's Share price may fluctuate significantly, and investors could lose all or part of their investment.</li> <li>● If closing of the Offering does not take place, purchases of the Offer Shares will be disregarded and transactions effected in the Offer Shares will be annulled.</li> <li>● The Company is a holding company and has limited assets and limited ability to generate revenue. The Company will depend on its subsidiaries to provide it with funds to meet its obligations or distribute dividends.</li> <li>● Investors with a reference currency other than the euro will become subject to certain foreign exchange risks when investing in the Shares.</li> <li>● Exchange rate fluctuations may materially and adversely affect the Group's revenue, profit and financial condition.</li> </ul>
<b>Section E – Offer</b>		
E.1	Net proceeds and estimated Expenses	<p>The Company will not receive any proceeds from the Offering, the net proceeds of which will be received by the Selling Shareholder. The Company will incur approximately EUR 1.5 million in expenses, commissions and taxes relating to the Offering, which consists of primarily fees for advisors (legal, audit and other advisory fees).</p> <p>The remainder of the fees (Underwriter fees and related legal fees), which are estimated to amount to EUR 4.1 million (based on an Offer Price at the midpoint of the Offer Price Range and assuming the sale of the maximum number of Offer Shares by the Selling Shareholder and no exercise of the Over-Allotment Option that is to be granted by the Selling Shareholder in connection with the Offering), will be borne by the Selling Shareholder. In addition, approximately 35-45% of the Offering Reward (as defined below) will be borne by the Selling Shareholder (the exact amount is dependent on the enterprise value at the time of the Offering). The remaining part will be borne by the Company.</p> <p>After deducting the aforementioned estimated costs, the Selling Shareholder expects to receive approximately EUR 115.6 million in net proceeds from the Offering (based on an Offer Price at the midpoint of the Offer Price Range and assuming the sale of the maximum number of Offer Shares by the Selling Shareholder and no exercise of the Over-Allotment Option that is to be granted by the Selling Shareholder in connection with the Offering).</p>
E.2a	Reasons for the Offering and use of proceeds	<p>The Company and the Selling Shareholder believe that the Offering is a logical next step in the development of the Group, and that the timing of the Offering is appropriate, given the Group's current profile and level of maturity. The Company expects that the Offering will increase the Group's business profile with investors, business partners, customers and employees, and is thereby expected to further enhance the Group's success. The Offering is also expected to provide the Group with additional financial flexibility and diversity through access to capital markets.</p> <p>With respect to the Selling Shareholder, the Group has grown to become the largest asset in the portfolio of Egeria Capital B.V., the major shareholder in the Selling Shareholder. As such, the Offering is a logical step in terms of Egeria diversifying its portfolio. As of the date of this</p>

		Document, Egeria intends to further sell down its stake in the Company over time, taking into account market conditions and with the view of an orderly and liquid aftermarket.
E.3	Terms and conditions of the Offering	<p><b>Offer Shares</b></p> <p>The Selling Shareholder is offering up to a total of 8,000,000 Offer Shares (excluding any Additional Shares) in the share capital of the Company to raise up to EUR 136 million.</p> <p>The Offering consist of (a) an initial public offering to retail and institutional investors in the Netherlands and a listing of the Company's Shares on the regulated market of Euronext and (b) a private placement to certain institutional investors in various jurisdictions. The Offer Shares are being offered (i) within the United States to qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "<b>Securities Act</b>") and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. The Offering is made only in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made.</p> <p><b>Over-Allotment Option</b></p> <p>The Selling Shareholder has granted the Joint Global Coordinators (as defined below), on behalf of the Underwriters (as defined below) the option, exercisable within 30 calendar days after the Listing Date, pursuant to which the Joint Global Coordinators may require the Selling Shareholder to sell at the Offer Price up to 1,200,000 additional shares, comprising up to 15% of the total number of Offer Shares sold in the Offering (the "<b>Additional Shares</b>"), to cover short positions resulting from any over-allotments made in connection with the Offering and conduct stabilisation transactions (if any).</p> <p><b>Offer Price and Number of Offer Shares</b></p> <p>The price of the Offer Shares (the "<b>Offer Price</b>") is expected to be in the range of EUR 14.00 to EUR 17.00 (inclusive) per Offer Share (the "<b>Offer Price Range</b>"). The Offer Price and the exact number of Offer Shares will be determined on the basis of a book building process. The Offer Price may be set within, above or below the Offer Price Range. The Offer Price and the exact number of Offer Shares offered will be determined by the Selling Shareholder after consultation with the Company and the Joint Global Coordinators (as defined below), after the end of the Offering Period, including any acceleration or extension, on the basis of the book building process and taking into account economic and market conditions, a qualitative and quantitative assessment of demand for the Offer Shares, and other factors deemed appropriate. The Offer Price, the exact numbers of Offer Shares to be sold and the maximum number of Additional Shares will be stated in a pricing statement (the "<b>Pricing Statement</b>") which will be published through a press release that will also be posted on the Company's website and filed with the AFM.</p> <p>The Offer Price Range is an indicative price range. The Selling Shareholder, after consultation with the Company and the Joint Global Coordinators (as defined below), reserves the right to change the Offer Price Range and/or to increase the maximum number of Offer Shares before the end of the Offering Period, or to decrease the number of Offer Shares. Any such change will be announced in a press release (that will also be posted on the Company's website) prior to the end of the Offering Period.</p>

	<p><b>Offering Period</b></p> <p>Subject to acceleration or extension of the timetable for the Offering, prospective investors may subscribe for Offer Shares during the period commencing at 9:00 CET on 1 February 2016 and ending at 14:00 CET on 11 February 2016 (the “<b>Offering Period</b>”). The Offering Period for Dutch retail investors will end at 17:30 CET on 10 February 2016.</p> <p><b>Allocation</b></p> <p>The allocation of Offer Shares is expected to take place after termination of the Offering Period on or about 11 February 2016, subject to acceleration or extension of the timetable for the Offering. Allotment to investors who applied to subscribe for Offer Shares will be made on a discretionary basis and the Selling Shareholder after consultation with the Company and the Joint Global Coordinators retains full discretion as to whether or not and how to allot the Offer Shares in accordance with the law. There is no maximum or minimum number of Offer Shares for which prospective investors may subscribe and multiple (applications for) subscriptions are permitted. In the event that the Offering is oversubscribed, investors may receive fewer Offer Shares than they applied to subscribe for.</p> <p><b>Preferential Retail Allocation</b></p> <p>There will be a preferential allocation of Offer Shares to eligible retail investors in the Netherlands (the “<b>Preferential Retail Allocation</b>”). Each eligible retail investor in the Netherlands (each a “<b>Dutch Retail Investor</b>”) will be allocated the first 350 (or fewer) Offer Shares for which such investor applies, provided that if the total number of Offer Shares subscribed for by Dutch Retail Investors under the Preferential Retail Allocation would exceed 10% of the total number of Offer Shares, assuming that the Over-Allotment Option is not exercised, the preferential allocation to each Dutch Retail Investor may be reduced <i>pro rata</i> to the first 350 (or fewer) Offer Shares for which such investor applies. As a result, Dutch Retail Investors may not be allocated all of the first 350 (or fewer) Offer Shares that they apply for. The exact number of Offer Shares allocated to Dutch Retail Investors will be determined after the Offering Period has ended. To be eligible for the Preferential Retail Allocation, Dutch Retail Investors must place their subscriptions during the period commencing on 1 February 2016 at 9:00 CET and ending on 10 February 2016 at 17:30 CET through financial intermediaries.</p> <p><b>Payment</b></p> <p>Payment (in euros) for the Offer Shares, and payment (in euros) for any Additional Shares pursuant to the Over-Allotment Option, if such option has been exercised prior to the Settlement Date (as defined below), is expected to take place on 16 February 2016 (the “<b>Settlement Date</b>”). Taxes and expenses, if any, must be borne by the investor. Investors must pay the Offer Price in immediately available funds in full in euro on or before the Settlement Date (or earlier in the case of an early closing of the Offering Period and consequent acceleration of pricing, allocation, commencement of trading and settlement).</p> <p><b>Delivery of Shares</b></p> <p>The Offer Shares will be delivered in book-entry form through the facilities of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (“<b>Euroclear Nederland</b>”).</p> <p>If settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any dealings in Shares prior to the Settlement Date are at the sole risk of the parties concerned.</p>
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		<p><b>Underwriting Agreement</b></p> <p>The Company, the Selling Shareholder and the underwriters named below (the “<b>Underwriters</b>”) will enter into an underwriting agreement on or about 1 February 2016 with respect to the offer and sale of the Offer Shares (the “<b>Underwriting Agreement</b>”). Under the terms and subject to the conditions set forth in the Underwriting Agreement, the Underwriters will severally agree to procure purchasers for the Offer Shares or, failing which, to purchase themselves and the Selling Shareholder will agree to sell Offer Shares to purchasers procured by the Underwriters or, failing which, to the Underwriters themselves.</p> <p>The Underwriting Agreement will provide that the obligations of the Underwriters to procure purchasers are subject to certain closing conditions including: (i) the absence of any material adverse change in or a material adverse effect on the conditions, shareholders’ equity, result of operations, cash flow, earnings, management, business affairs, project development, solvency, credit rating or prospects of the Company and its subsidiaries, taken as a whole; (ii) receipt of opinions on certain legal matters from counsel; (iii) the approval of this Document by the AFM being in full force and effect; (iv) the admission of the Offer Shares to listing on Euronext Amsterdam occurring no later than 8:00 a.m. CET on the Listing Date; (v) the acceptance of the Shares for book-entry transfers by Euroclear Nederland. The Underwriters will have the right to waive the satisfaction of any such conditions or part thereof.</p> <p>The Underwriting Agreement contains standard termination provisions, pursuant to which, until the Settlement Date, the Underwriters may elect to terminate their several commitments under the Underwriting Agreement in the event of, among others: (i) any statement contained in this Document being materially untrue, inaccurate or misleading, or in the event of a material omission in the Document, and the Company being unable to remedy such untrue, inaccurate or misleading statement or material omission in accordance with applicable law; (ii) any matter which would require the publication of a supplementary prospectus pursuant to the applicable rules; (iii) a breach by the Company or the Selling Shareholder of any warranties or provisions of the Underwriting Agreement; (iv) a suspension of trading on Euronext Amsterdam or certain other regulated stock exchanges or any over-the-counter market; (v) a banking moratorium by the United Kingdom, the Netherlands, the United States federal or New York State authorities or any other relevant jurisdiction; and (vi) an outbreak or escalation of hostilities or material adverse change in financial markets, currency exchange rates or controls or any calamity or crisis and which makes the Offering impracticable or inadvisable.</p> <p><b>Joint Global Coordinators, Joint Lead Managers and Underwriters</b></p> <p>ABN AMRO Bank N.V. and HSBC Bank plc. are acting as “<b>Joint Global Coordinators</b>” for the Offering. ING Bank N.V. and Coöperatieve Rabobank U.A are acting as the “<b>Joint Lead Managers</b>” (and together with the Joint Global Coordinators as the Underwriters).</p> <p><b>Listing and Paying Agent</b></p> <p>ABN AMRO Bank N.V. is the Listing and Paying Agent with respect to the Offer Shares on Euronext Amsterdam.</p> <p><b>Retail Coordinator</b></p> <p>ABN AMRO Bank N.V. is the Retail Coordinator with respect to the Preferential Retail Allocation.</p> <p><b>Stabilisation Agent</b></p> <p>HSBC Bank plc is the Stabilisation Agent with respect to the Shares on Euronext Amsterdam.</p>
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E.4	Interests material to the Offering (including conflicting interests)	<p>Certain of the Underwriters and/or their respective affiliates have in the past engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company and/or the Selling Shareholder or any parties related to any of them, in respect of which they have and may in the future, receive customary fees and commissions. ING Bank and Coöperatieve Rabobank U.A. (in each case, directly or through an affiliate) have entered into arrangements to act as lenders to the Company under existing facilities agreements, in respect of which they have in the past and may in the future receive fees and commissions.</p> <p>Additionally, the Underwriters and/or their respective affiliates may have held and in the future may hold, in the ordinary course of their business, securities of the Company, the Selling Shareholder and/or their respective affiliates for investment purposes. In respect hereof, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures and by rules and regulations. As a result of these transactions, these parties may have interests that may not be aligned, or could potentially conflict, with the interests of (potential) holders of the Offer Shares, or with the Company's interests.</p>
E.5	Person or entity offering to sell the securities and lock-up arrangements	<p>The Selling Shareholder is offering Shares in the capital of the Company.</p> <p><b><i>Company lock-up</i></b></p> <p>Pursuant to the Underwriting Agreement, the Company has agreed with the Underwriters that, for a period of 360 days from the Settlement Date, it will not, without the prior consent of the Joint Global Coordinators, acting on behalf of the Underwriters, which consent may be given by the Joint Global Coordinators in their sole discretion and at any time, directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company or any securities convertible into or exercisable or exchangeable for Shares or other shares of the Company or file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing, enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, publicly announce such an intention to effect any such transaction, or submit to its shareholders or any other body of the Company a proposal to effect any of the foregoing.</p> <p><b><i>Selling Shareholder lock-up</i></b></p> <p>Pursuant to the Underwriting Agreement, the Selling Shareholder has agreed with the Underwriters that, for a period of 180 days from the Settlement Date, they will not, without the prior consent of the Joint Global Coordinators, acting on behalf of the Underwriters, which consent may be given by the Joint Global Coordinators in their sole discretion and at any time, directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company or any securities convertible into or exercisable or exchangeable for Shares or other shares of the Company or request or demand that the Company file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange or listing</p>

		authority with respect to any of the foregoing, enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, publicly announce such an intention to effect any such transaction, or submit to the Company's shareholders or any other body of the Company a proposal to effect any of the foregoing. The foregoing will not apply to: the sale of the Offer Shares and the Additional Shares in the Offering and the lending of Shares to the Joint Global Coordinators (acting on behalf of the Underwriters) pursuant to the Share Lending Agreement.
E.6	Dilution	Not applicable. As only existing shares will be offered, the Offering will not have a dilutive effect.
E.7	Estimated expenses charged to the investors by the Company	Not applicable. No expenses have been or will be charged to the investors by the Company or the Selling Shareholders in relation to the Offering.



## SAMENVATTING

Samenvattingen bestaan uit informatievereisten die “Elementen” worden genoemd. Deze Elementen zijn genummerd in Afdelingen A-E (A.1 – E.7). De onderhavige samenvatting bevat alle Elementen die moeten worden opgenomen in een samenvatting voor dit type effecten en de Uitgevende Instelling. Omdat sommige Elementen niet besproken hoeven te worden, kan de nummering van de Elementen verspringen.

Verder kan het zijn dat voor een Element dat vanwege het type effecten en Uitgevende Instelling in een samenvatting moet worden opgenomen, geen relevante informatie kan worden verstrekt. In dit geval is een korte omschrijving van het Element in de samenvatting opgenomen met de vermelding “niet van toepassing”.

Afdeling A – Inleiding en waarschuwingen		
A.1	Inleiding en waarschuwingen	<p>Deze samenvatting dient te worden gelezen als inleiding op onderhavig document (het “<b>Document</b>”) met betrekking tot de aanbidding (de “<b>Aanbidding</b>”) door GKSE Holding B.V. (de “<b>Verkopende Aandeelhouder</b>”) van maximaal 8.000.000 gewone aandelen, elk met een nominale waarde van EUR 0,20 (de “<b>Aangeboden Aandelen</b>”) (met uitzondering van, tenzij de context anders aangeeft, de Extra Aandelen (zoals hieronder gedefinieerd)) van Sif Holding N.V. (de “<b>Vennootschap</b>”, hetgeen van tijd tot tijd naar haar rechtsvoorganger S.I.F. Beheer B.V. kan verwijzen, en tezamen met haar geconsolideerde dochtermaatschappijen naar de “<b>Groep</b>”), en de beursnotering en toelating tot de handel van de gewone aandelen van de Vennootschap (de “<b>Aandelen</b>”) met gebruik van het symbool “SIFG” op Euronext Amsterdam, een gereguleerde markt van Euronext Amsterdam N.V. (“<b>Euronext</b>”).</p> <p>Ervan uitgaande dat er geen Overtoewijzingsoptie (zoals hieronder gedefinieerd) zal worden uitgeoefend, zijn de Aangeboden Aandelen ongeveer 31% van de Aandelen. Ingeval de Overtoewijzingsoptie volledig wordt uitgeoefend, is het maximale aantal Aangeboden Aandelen 9.200.000 Aangeboden Aandelen, hetgeen ongeveer 36% van de Aandelen is. Iedere beslissing van een belegger om in de Aandelen van de Vennootschap te beleggen dient steeds gebaseerd te zijn op bestudering van het gehele Document. Wanneer een vordering met betrekking tot de informatie in het Document bij een rechterlijke instantie aanhangig wordt gemaakt, kan het zijn dat de belegger die als eiser optreedt volgens de nationale wetgeving van de lidstaten van de Europese Economische Ruimte de kosten voor de vertaling van het Document moet dragen voordat de rechtsovereenkomst wordt ingesteld. Uitsluitend de personen die de samenvatting, met inbegrip van een eventuele vertaling ervan, hebben ingediend, kunnen wettelijk aansprakelijk worden gesteld, maar alleen indien de samenvatting, wanneer zij samen met andere delen van het Document wordt gelezen, misleidend, onjuist of inconsistent is of indien zij, wanneer zij samen met de andere delen van het Document wordt gelezen, niet de kerngegevens verstrekt om beleggers te helpen bij hun overweging ten aanzien van de vraag of zij in Aandelen van de Vennootschap zullen investeren.</p>
A.2	Toestemming, indicatie, voorwaarden en kennisgeving	Niet van toepassing. De Vennootschap geeft geen toestemming voor gebruik van het Document voor de latere wederverkoop of definitieve plaatsing van Aangeboden Aandelen door financiële tussenpersonen.
Afdeling B – Uitgevende Instelling		
B.1	Statutaire naam en handelsnaam van de vennootschap	De statutaire naam van de Vennootschap is Sif Holding N.V. De handelsnamen van de Vennootschap zijn Sif Holding N.V., Sif en Sif Group.

B.2	Vestigingsplaats, rechtsvorm, wetgeving en land van oprichting	De Vennootschap is een naamloze vennootschap opgericht naar Nederlands recht en is gevestigd in Nederland. De Vennootschap heeft haar statutaire zetel te Roermond, Nederland.
B.3	Kerngegevens die verband houden met de aard van de werkzaamheden en de belangrijkste activiteiten van de Groep	<p>De Groep is een toonaangevende fabrikant van grote stalen buizen die als bouwonderdelen worden gebruikt in de offshore windindustrie en de offshore olie- en gasindustrie. De Groep is een Nederlandse vennootschap met faciliteiten in Nederland. De Groep produceert hoofdzakelijk monopiles en transition pieces en pijlers die worden gebruikt voor het verankeren in de zeebodem van jacket-funderingen voor de offshore windindustrie, en pijlers en primaire poten van grotere jackets voor de olie- en gasindustrie alsook buisconstructies voor uiteenlopende toepassingen, zoals aanlegsteigers. Een monopile bestaat uit een grote buisconstructie, doorgaans met conische secties om de diameter van beneden naar boven te verkleinen. Jacket-funderingen bestaan uit aan elkaar gelaste poten met steunmateriaal en verankering met afzonderlijke fixatiepinnen, die in de zeebodem worden gehamerd. De producten van de Groep worden aangepast aan de specifieke wensen van de klant op het gebied van productontwerp.</p> <p>Geografisch gezien, zijn de kernmarkten van de Groep het Verenigd Koninkrijk, Duitsland, België, Denemarken, Nederland en Frankrijk. De producten van de groep worden hoofdzakelijk geïnstalleerd in het Noordzeegebied. Uitgaande van het aantal geproduceerde monopiles bediende de Groep tussen 2010 en 2014 ongeveer een derde van de Europese offshore windmarkt en uitgaande van het aantal grote buisfunderingsonderdelen voor de olie- en gasindustrie bediende de Groep tussen 2010 en 2014 ongeveer 50% van de offshore olie- en gasindustrie, aldus de directie van de Groep. Met de productie van meer dan 1.200 monopiles voor de offshore windmarkt, heeft de Groep uitgebreide ervaring opgedaan met een breed scala van applicaties op basis van een kostenconcurrerende bedrijfsvoering en voortdurende innovatie van machines en processen. Daarnaast heeft de Groep een solide reputatie opgebouwd op het gebied van kwaliteit en punctuele levering, is de Groep altijd financieel stabiel geweest, zelfs gedurende de wereldwijde financiële crisis en het daaruit voortvloeiende gebrek aan enthousiasme bij de banken voor het financieren van offshore windprojecten, en heeft de Groep solide samenwerkingsafspraken met haar leverancier van plaatstaal Dillinger Hütte en haar leverancier van transition pieces Smulders, deel van de Eiffage-groep. Dit is volgens de Groep een garantie voor de kwaliteit en betrouwbaarheid van haar materialen.</p> <p>In de offshore windindustrie is de Groep een toonaangevende fabrikant van monopiles en transition pieces, en is de Groep tevens actief als leverancier van buizen voor de andere funderingstypes die worden gebruikt in de industrie: pijlers voor jackets of buizen voor gravitaire of suction bucket funderingen. De Groep fabriceert ook grote en complexe stalen buisconstructies voor de olie- en gasindustrie. De expertise van de Groep concentreert zich voornamelijk op jacket-funderingen met buisconstructies, met inbegrip van jacket-poten, launch-poten, steunmateriaal, pijlermantels en pijlers, maar ook op jack-up-poten, verankerings- en aanlegpijlers, interne verstevigingsringen, verbindingen en bekleding. Naast onderdelen voor de offshore windindustrie en olie- en gasindustrie fabriceert de Groep ook onderdelen voor machines en bouwprojecten.</p> <p>De Groep onderscheidt de volgende belangrijke concurrentievoordelen in haar bedrijfsvoering:</p> <ul style="list-style-type: none"> <li>● Unieke marktpositie dankzij de snelgroeiende Europese offshore windmarkt.</li> </ul>

		<ul style="list-style-type: none"> <li>● Monopiles zijn de standaardfundering in de industrie, en zullen worden opgevolgd door XL monopiles, hetgeen sterke marktgroei zal genereren.</li> <li>● De Groep is toonaangevend in een geconsolideerde markt die wordt gekenmerkt door hoge toegangsdrempels.</li> <li>● Aantrekkelijk bedrijfsmodel met grote mate van transparantie, flexibiliteit en kapitaalefficiëntie.</li> <li>● Een sterke marktpositie met de mogelijkheid in te spelen op marktgroei met nieuwe dubbele XL productielijnen en faciliteiten.</li> <li>● Een sterke positie op het gebied van buisonderdelen voor de olie- en gasindustrie, met de flexibiliteit om capaciteit in te zetten voor de Offshore Wind industrie.</li> <li>● Een track record van winstgevendheid en sterke kasconversie.</li> <li>● Managementteam met diepgaande ervaring in de sector.</li> </ul> <p>De belangrijkste producten van de Groep zijn monopiles, transition pieces en buisconstructies voor jacket-funderingen. Monopiles zijn verder onder te verdelen in reguliere monopiles en XL monopiles (monopiles met een diameter van 7 meter of meer).</p> <p>De Groep investeert voortdurend in productieapparatuur, met name om haar capaciteit voor de productie van XL monopiles te verhogen en haar automatiseringsniveau te verbeteren. De nieuwste investering is momenteel in ontwikkeling en bestaat uit moderne dubbele productielijnen die de delen van de monopiles samenvoegen tot een complete monopile plus een multi-baai coatingfaciliteit in haar nieuwe fabriek op Maasvlakte 2 in de Rotterdamse haven. Deze fabriek verschaft de Groep mogelijkheden voor het completeren, afleveren, opslaan en laden van XL monopiles met een diameter tot 11 meter, een lengte tot 120 meter en een gewicht tot 2.000 ton. Volgens schattingen van de Groep is er sprake van een toename van de geïnstalleerde jaarlijkse theoretische productiecapaciteit met ongeveer 33% van 225 kiloton tot 300 kiloton per jaar.</p>
B.4a	Belangrijkste tendensen die zich voordoen voor de Groep en de sectoren waarin de Groep werkzaam is	<p><u>Huidige tendensen die de marktrisico's doen afnemen:</u></p> <p><i>Toenemende zekerheid over beleidsondersteuning:</i> De langverwachte beleidshervormingen op de belangrijke offshore windmarkten van Duitsland, Nederland, Frankrijk en het Verenigd Koninkrijk zijn in de tweede helft van 2014 voltooid, waardoor er meer duidelijkheid is over toekomstige projecten.</p> <p><i>Betere financieringsmogelijkheden:</i> In 2014 was er op de markten sprake van een sterke terugkeer van liquiditeit en een grotere bereidheid om kredietrisico's te nemen, met de hoogste investeringen in de offshore windindustrie ooit. Volgens het management van de Groep is deze trend in 2015 toegenomen vergeleken met 2014. Toegenomen gebruik van projectfinanciering (een vorm van regresvrije schuld) zal naar verwachting een belangrijke drijfveer zijn voor een grotere beschikbaarheid van financiering. Financiering met eigen vermogen is verbeterd dankzij de komst van nieuwe spelers zoals pensioenfondsen, private-equity fondsen, staatsinvesteringsfondsen en onafhankelijke energieproducenten. Ook door de overheid gefinancierde kredietinstellingen (Green investment bank in het Verenigd Koninkrijk, KfW in Duitsland) zijn actief in de sector. De verbeterde beschikbaarheid van financiering schept mogelijkheden voor de verdere ontwikkeling van de sector.</p> <p><i>Minder risico's in de toeleveringsketen:</i> De toeleveringsketen van de offshore windindustrie is relatief goed toegerust en dit bevordert de haalbaarheid van toekomstige projectvoltooingen, met uitzondering van potentiële bottlenecks op het gebied van installatievaartuigen voor grotere</p>

		<p>funderingen en turbines. MAKE Consulting verwacht dat er een tekort aan installatievaartuigen zal ontstaan als er geen nieuwe investeringen worden gedaan. De directie van de Groep is echter van mening dat de capaciteit weliswaar krap is maar dat deze voldoende zou moeten zijn om aan de vraag te voldoen, omdat vaartuigen die hoofdzakelijk worden gebruikt voor olie- en gasinstallaties zo nodig kunnen worden ingezet voor offshore windinstallaties. De verwachte capaciteitsgroei voor de rest van de onderdelen in de toeleveringsketen, met inbegrip van turbinegondels en -bladen, zal naar verwachting minder tijd in beslag nemen dan de ontwikkeling van een project.</p> <p><u>Andere belangrijke markttrends:</u></p> <p><i>Nutsbedrijven passen hun strategie aan:</i> Nu er meer offshore windmolenparken zijn gebouwd, is het beheer van projecten direct in handen van nutsbedrijven, met name wanneer er sprake is van een kleinere schaal (multi-contracting). E.ON is een recent voorbeeld van een nutsbedrijf dat optreedt als multi-contractor, en heeft in de periode van 2013 tot 2014 twee projecten uitgevoerd.</p> <p><i>Dieper water en grotere afstand tot de kust:</i> De afgelopen jaren worden offshore windmolenparken steeds verder van de kust en in steeds dieper water aangelegd. Eind 2014 bedroeg de gemiddelde waterdiepte van Europese offshore windmolenparken 22,4 meter en was de gemiddelde afstand tot de kust 32,9 kilometer (Bron: EWEA). Gegevens van goedgekeurde en geplande bouwprojecten bevestigen dat de gemiddelde waterdiepte en afstand tot de kust waarschijnlijk groter worden.</p> <p><i>Grotere turbines:</i> De introductie van &gt;6 MW modellen zal naar verwachting de komende jaren de gemiddelde turbinegrootte doen toenemen. Siemens en Senvion hebben momenteel 6 MW modellen en het 8 MW prototype van MHIVestas is in de loop van 2014 in gebruik genomen. MAKE verwacht dat het gemiddelde turbinevermogen in Europa een enorme sprong zal maken, van 4,2 MW in 2014 naar 7,4 MW in 2020.</p> <p><u>Belangrijke trends op de wereldwijde olie- en gasmarkt:</u></p> <p>Nieuwe exploratie- en productieprojecten in gebieden zoals teerzanden en het Noordpoolgebied zullen naar verwachting worden uitgesteld of geannuleerd totdat de olieprijsen zich herstellen, terwijl projecten met lagere totaalkosten per vat in bijvoorbeeld de Noordzee en het Midden-Oosten naar verwachting tot op zekere hoogte zullen worden voortgezet. Daarnaast zullen velden waar productie plaatsvindt maar die momenteel niet rendabel zijn omdat de contante winningskosten hoger zijn dan de olieprijsen, zoals de Canadese teerzanden, naar verwachting vertraging ondervinden.</p>
B.5	Beschrijving van de Groep en plaats die de Vennootschap daarin inneemt	<p>De Vennootschap is een houdstermaatschappij zonder directe bedrijfsactiviteiten van betekenis. De belangrijkste activa van de Vennootschap zijn haar indirecte of directe aandelenbelangen in haar groepsmaatschappijen.</p> <p>Sif Holding N.V. is de beursgenoteerde houdstermaatschappij van de Groep. Sif Netherlands B.V., een 100% dochteronderneming van Sif Holding N.V., is verantwoordelijk voor al haar activiteiten. Sif Property B.V., eveneens een 100% dochteronderneming van Sif Holding N.V., is houder van alle vastgoed die eigendom van de Groep is. Alle dochterondernemingen zijn gevestigd in Nederland.</p>
B.6	Belangrijke Aandeelhouders	<p>De volgende tabel bevat informatie over de economische eigendom van alle Aandeelhouders die een aandelenbelang van 3% of meer in de Vennootschap hebben via hun belang in de Verkopende Aandeelhouder per datum van dit Document:</p>

Naam	Aandelen in eigendom per datum van het Document	Aandelen in eigendom onmiddellijk na uitgifte Aangeboden Aandelen – zonder Overtoewijzingsopties	Aandelen in eigendom onmiddellijk na uitgifte Aangeboden Aandelen			
			Aandelen in eigendom onmiddellijk na uitgifte Aangeboden Aandelen – met Overtoewijzingsopties		Aandelen in eigendom onmiddellijk na uitgifte Aangeboden Aandelen – met Overtoewijzingsopties	
	Totaal	%	Totaal	%	Totaal	%
GKSE Holding B.V.*	25.501.356	100%	17.501.356	69%	16.301.356	64%
<p>* GKSE Holding B.V. staat indirect onder zeggenschap van Egeria Capital B.V.</p> <p>Behalve zoals hierboven beschreven, is de Vennootschap niet op de hoogte van een andere (rechts)persoon die per datum van onderhavig Document rechtstreeks of indirect een kapitaal- of stembelang in de Vennootschap van 3% of meer heeft dat zou moeten worden gemeld overeenkomstig Artikel 5:38 van de Wet op het Financieel Toezicht. Elk aandeel geeft recht op het uitbrengen van één stem op de algemene vergadering van de Vennootschap (de “<b>Algemene Vergadering</b>”). Alle aandeelhouders van de Vennootschap (de “<b>Aandeelhouders</b>”) hebben dezelfde stemrechten.</p> <p>Vóór voltooiing van de Aanbieding heeft de Verkopende Aandeelhouder de bepalende stem op de Algemene Vergadering. Na voltooiing van de Aanbieding is de Verkopende Aandeelhouder, alleen of tezamen met anderen, zulks naargelang zijn aandelenbelang, in een positie om substantiële invloed uit te oefenen op de Algemene Vergadering en derhalve op de beslissingen die door de Algemene Vergadering worden genomen, met inbegrip van de benoeming van de leden van de raad van commissarissen van de Vennootschap (de “<b>Raad van Commissarissen</b>”, elk lid te noemen een “<b>Commissaris</b>”) en de raad van bestuur van de Vennootschap (de “<b>Raad van Bestuur</b>”, elk lid te noemen een “<b>Directeur</b>”). Daarnaast heeft de Verkopende Aandeelhouder, ingeval er een meerderheid van meer dan de helft van de uitgebrachte stemmen is vereist (gewone meerderheid van stemmen), de beschikking over voldoende stemmen om beslissingen op een Algemene vergadering te blokkeren of aan te nemen zonder de instemming van de andere aandeelhouders. Voorts zou de Verkopende Aandeelhouder, afhankelijk van de aanwezigheidsgraad van de andere Aandeelhouders op de Algemene Vergadering, tevens de beschikking kunnen hebben over voldoende stemmen om beslissingen op een Algemene vergadering te blokkeren of aan te nemen zonder de instemming van de andere aandeelhouders wanneer er een gekwalificeerde meerderheid van stemmen is vereist.</p>						
B.7	Geselecteerde belangrijke historische financiële informatie	<p>De geselecteerde geconsolideerde historische financiële informatie van de Groep die is vermeld in onderstaande tabellen dient te worden gelezen in samenhang met de informatie die is vervat in “Belangrijke informatie – Presentatie van financiële en andere informatie”, “Kapitalisatie en schuldpositie”, “Operationeel en Financieel Overzicht” en de jaarrekening. De onderstaande tabellen bevatten geselecteerde niet-gecontroleerde tussentijdse geconsolideerde financiële informatie van de Groep over de periode van negen maanden eindigend op 30 september 2015 met inbegrip van vergelijkingen met de periode van negen maanden eindigend op 30 september 2014 die dient te worden gelezen in samenhang met de bijbehorende toelichting en de accountantsverklaring dienaangaande, en geselecteerde gecontroleerde financiële informatie van de Groep per en voor de boekjaren eindigend op 31 december 2014, 31 december 2013 en 31 december 2012 die dient te worden gelezen in samenhang met de bijbehorende toelichting en de accountantsverklaring dienaangaande. De financiële informatie is opgesteld overeenkomstig de</p>				

		IFRS verslaggevingsregels, met uitzondering van bepaalde niet-IFRS-conforme financiële maatregelen zoals beschreven in “Belangrijke informatie – Niet-IFRS-maatregelen”.					
		Beknopte cijfers inzake de geconsolideerde winst-en-verliesrekening (EUR 1.000)	Q3 2015 Beoordeeld	Q3 2014 Beoordeeld	Boekjaar 2014 Gecontroleerd	Boekjaar 2013 Gecontroleerd	Boekjaar 2012 Gecontroleerd
		<b>Totaal Inkomsten</b>	213.535	211.412	262.523	336.267	163.252
		Grondstoffen	(73.774)	(92.342)	(99.096)	(128.497)	(71.055)
		Uitbestede werkzaamheden en overige externe kosten	(63.801)	(47.201)	(61.594)	(104.813)	(15.115)
		Logistieke en overige projectgerelateerde uitgaven	(6.319)	(11.002)	(18.239)	(17.658)	(6.651)
		Kostprijs van de omzet	(143.894)	(150.545)	(178.929)	(250.968)	(92.821)
		<b>Bijdrage</b>	<b>69.641</b>	<b>60.867</b>	<b>83.594</b>	<b>85.299</b>	<b>70.431</b>
		Directe personeelskosten	(14.995)	(13.867)	(19.835)	(26.017)	(23.215)
		Productiekosten en algemene vervaardigingskosten	(5.054)	(5.079)	(6.972)	(7.592)	(6.619)
		<b>Bruto winst</b>	<b>49.592</b>	<b>41.920</b>	<b>56.788</b>	<b>51.690</b>	<b>40.597</b>
		Indirecte personeelskosten	(5.360)	(5.183)	(6.541)	(4.123)	(3.710)
		Afschrijving & bijzondere waardevermindering	(5.197)	(5.448)	(7.391)	(7.067)	(6.475)
		Voorzieningen, huisvesting & onderhoud	(1.277)	(1.262)	(1.820)	(1.746)	(1.277)
		Verkoopkosten	(351)	(267)	(403)	(494)	(382)
		Overhead	(3.285)	(1.451)	(2.106)	(1.791)	(1.792)
		Overige baten en lasten	107	209	(176)	414	18
		<b>Bedrijfsresultaat</b>	<b>34.229</b>	<b>28.519</b>	<b>38.350</b>	<b>36.883</b>	<b>26.979</b>
		Financieringsopbrengsten	68	40	90	37	220
		Financieringskosten	(1.085)	(1.531)	(1.888)	(1.407)	(2.442)
		Netto financieringskosten	(1.017)	(1.490)	(1.798)	(1.370)	(2.222)
		<b>Winst voor belastingen</b>	<b>33.212</b>	<b>27.029</b>	<b>36.552</b>	<b>35.513</b>	<b>24.757</b>
		Belastinglast	(7.501)	(6.389)	(8.557)	(8.917)	(5.905)
		<b>Aan de aandeelhouders toekomende winst</b>	<b>25.711</b>	<b>20.640</b>	<b>27.995</b>	<b>26.596</b>	<b>18.852</b>



Beknopte geconsolideerde kasstroomcijfers (EUR 1.000)	Q3 2015 Beoordeeld	Q3 2014 Beoordeeld	Boekjaar 2014 Gecontroleerd	Boekjaar 2013 Gecontroleerd	Boekjaar 2012 Gecontroleerd
<b>Kasstroom uit bedrijfsactiviteiten</b>					
Winst voor belastingen	33.212	27.029	36.552	35.513	24.757
Gecorrigeerd voor:					
– Afschrijvingen	5.197	5.448	7.315	7.067	6.475
– Netto financieringskosten	1.017	1.491	1.798	1.370	2.222
– Bijzondere waardevermindering van vastgoedbeleggingen	—	—	76	—	—
– Mutaties in netto werkkapitaal					
– Voorraden	36	(46)	(76)	(94)	132
– Onderhanden werk, bedragen verschuldigd aan/door klant	789	25.318	22.283	(9.881)	(27.844)
– Handelsvorderingen	(61.561)	(447)	11.033	(969)	25.705
– Vooruitbetalingen	(178)	462	603	1.595	(1.717)
– Handelsschulden en overige te betalen posten	39.837	(16.526)	(35.669)	25.836	4.822
	(21.077)	8.761	(1.826)	16.487	1.098
– Te betalen en ontvangen btw	(8.391)	1.857	—	—	—
– Overige financiële activa	118	675	777	(234)	(454)
– Personeelsbeloningen	(327)	(317)	(263)	400	189
– Loonheffing	(683)	212	944	(494)	561
– Andere kortlopende verplichtingen	2.041	1.463	127	33	167
	(7.242)	3.890	1.585	(295)	463
Betaalde inkomstenbelasting – door aandeelhouder	(7.747)	(6.715)	(10.113)	(5.811)	(9.582)
Betaalde rente – door aandeelhouder	(606)	(909)	(1.135)	(1.113)	(1.085)
Betaalde rente	(728)	(561)	(682)	(730)	(618)
<b>Netto kasstroom uit bedrijfsactiviteiten</b>	<b>2.026</b>	<b>38.435</b>	<b>33.570</b>	<b>52.488</b>	<b>23.730</b>
<b>Kasstroom uit investeringsactiviteiten</b>					
Ontvangsten uit de verkoop van materiële vaste activa	—	—	—	67	—
Aankoop van materiële vaste activa	(10.373)	(7.102)	(7.930)	(2.171)	(10.990)
Aankoop van vastgoedbeleggingen	—	—	—	(475)	—
Rekening-courantverhouding met aandeelhouder	(921)	(25.116)	(31.593)	(21.937)	(19.662)
<b>Netto kasstroom uit (aangewend voor) investeringsactiviteiten</b>	<b>(11.294)</b>	<b>(32.218)</b>	<b>(39.523)</b>	<b>(24.516)</b>	<b>(30.652)</b>
<b>Kasstroom uit financieringsactiviteiten</b>					
Ontvangsten uit netto leningen	—	—	—	8.982	—
Aflossing van opgenomen leningen	(2.000)	(2.500)	(5.000)	(3.000)	(6.982)
<b>Netto kasstroom uit/(aangewend voor) financieringsactiviteiten</b>	<b>(2.000)</b>	<b>(2.500)</b>	<b>(5.000)</b>	<b>5.982</b>	<b>(6.982)</b>
<p>(1) Resultaatbijdrage wordt berekend als inkomsten minus kostprijs van de omzet, zulks met inbegrip van de kosten van grondstoffen, uitbesteed werk en andere externe kosten en logistiek en andere projectgerelateerde kosten.</p> <p>(2) Brutowinst wordt berekend als resultaatbijdrage minus directe personeelskosten minus productiekosten en algemene fabricagekosten.</p> <p>(3) EBITDA wordt gedefinieerd als operationele winst waarbij de afschrijving en amortisatie weer zijn toegevoegd. EBITDA is geen maatstaf voor de liquiditeit of prestaties berekend overeenkomstig de IFRS verslaggevingsregels en dient te worden beschouwd als een</p>					

		<p>aanvulling op, en niet als een substituuat voor, het bedrijfsresultaat van de Groep dat wordt gepresenteerd overeenkomstig de IFRS verslaggevingsregels. De verhouding tussen EBITDA en het bedrijfsresultaat is hieronder vermeld.</p> <table><tr><th>EUR 1.000</th><th>Q3 2015 Beoordeeld</th><th>Q3 2014 Beoordeeld</th><th>Boekjaar 2014 Gecontroleerd</th><th>Boekjaar 2013 Gecontroleerd</th><th>Boekjaar 2012 Gecontroleerd</th></tr><tr><td><b>Bedrijfsresultaat</b></td><td>34.229</td><td>28.519</td><td>38.350</td><td>36.883</td><td>26.979</td></tr><tr><td>teruggeboekte Afschrijvingen en amortisatie</td><td>5.179</td><td>5.448</td><td>7.391</td><td>7.067</td><td>6.475</td></tr><tr><td><b>EBITDA</b></td><td><u>39.426</u></td><td><u>33.967</u></td><td><u>45.741</u></td><td><u>43.950</u></td><td><u>33.454</u></td></tr></table> <p>(4) Kasconversie wordt berekend als vrije cashflow gedeeld door EBITDA, waarbij vrije cashflow wordt gedefinieerd als EBITDA minus winstbelasting minus wijzigingen in voorzieningen minus investeringsuitgaven. Voorzieningen bestaan uit voorzieningen voor garanties, jubileumuitkeringen, onderhoud en uitgestelde belastingen. Kasconversie is een term die niet is gedefinieerd in IFRS en die mogelijk niet vergelijkbaar is met maatregelen met een soortgelijke naam in de verslaglegging van andere ondernemingen. Het management van de groep is van mening dat de brutowinst voor de negen maanden eindigend september 2015 de brutowinst bedragen zoals hierboven uiteengezet en de EBITDA bedragen voor de negen maanden eindigend september 2015 zoals hieronder zijn uiteengezet een adequate schatting van de jaarcijfers geven.</p> <p>(5) Bruto Schuld is de uitstaande schuld bij bestaande kredietfaciliteiten.</p> <p>(6) Cashflowdekking wordt berekend als vrije cashflow gedeeld door financieringslasten. De financieringslasten bestaan uit de netto financieringskosten plus schuldaflissingen.</p> <p>(7) Solvabiliteit wordt berekend als het totale eigen vermogen en achtergestelde leningen gedeeld door het totaal van de activa.</p> <p>(8) ROCE staat voor “return on capital employed” (rendement op geïnvesteerd vermogen) en wordt berekend als EBIT gedeeld door het geïnvesteerd vermogen. EBIT wordt berekend als het bedrijfsresultaat en het geïnvesteerd vermogen wordt berekend als het totale eigen vermogen plus opgenomen en verstrekte leningen.</p>	EUR 1.000	Q3 2015 Beoordeeld	Q3 2014 Beoordeeld	Boekjaar 2014 Gecontroleerd	Boekjaar 2013 Gecontroleerd	Boekjaar 2012 Gecontroleerd	<b>Bedrijfsresultaat</b>	34.229	28.519	38.350	36.883	26.979	teruggeboekte Afschrijvingen en amortisatie	5.179	5.448	7.391	7.067	6.475	<b>EBITDA</b>	<u>39.426</u>	<u>33.967</u>	<u>45.741</u>	<u>43.950</u>	<u>33.454</u>
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B.8	Geselecteerde belangrijke <i>pro forma</i> financiële informatie	Niet van toepassing. Er is geen <i>pro forma</i> financiële informatie opgenomen in het Prospectus.																								
B.9	Winstprognose	Niet van toepassing. De Vennootschap heeft geen winstprognose openbaar gemaakt.																								
B.10	Voorbehoud historische financiële informatie in de accountantsverklaring	Niet van toepassing. Er is geen voorbehoud gemaakt betreffende historische financiële informatie in de accountantsverklaring voor de jaren eindigend op 31 december 2012, 2013 en 2014.																								
B.11	Verklaring indien werkkapitaal niet toereikend is	Niet van toepassing. Volgens de Groep is het beschikbare werkkapitaal toereikend om aan haar huidige behoeften te voldoen, dat wil zeggen toereikend voor ten minste de komende twaalf maanden na datum van onderhavig Document.																								
Afdeling C – Effecten																										
C.1	Type, categorie en security identification number	<p>De Aandelen zijn gewone aandelen in het geplaatste aandelenkapitaal van de Vennootschap.</p> <p>Er is een aanvraag ingediend voor toelating van alle Aandelen met het symbool “SIFG” tot de handel op Euronext Amsterdam met ISIN Code: NL0011660485, Common Code 135523232.</p>																								
C.2	Munteenheid waarin de Aangeboden Aandelen worden uitgegeven	De Aangeboden Aandelen luiden in en zullen worden verhandeld in euro’s.																								

C.3	Aantal uitgegeven aandelen en nominale waarde per aandeel	<p>Het maatschappelijk kapitaal van de Vennootschap bedraagt EUR 25.000.000 en bestaat uit 125.000.000 Aandelen met een nominale waarde van EUR 0,20 per stuk en het uitgegeven aandelenkapitaal bestaat uit 25.501.356 Aandelen.</p> <p>Per datum van onderhavig Document zijn er geen Aandelen in bezit van de Vennootschap. Alle geplaatste Aandelen zijn volgestort en zijn gecreëerd onder Nederlands recht en op alle geplaatste Aandelen is Nederlands recht van toepassing.</p>
C.4	Rechten verbonden aan de effecten	<p>Vanaf de datum van uitgifte zijn aan de Aangeboden Aandelen dividendrechten verbonden. Elk Aandeel geeft recht op het uitbrengen van één stem op de Algemene Vergadering. Er gelden geen beperkingen met betrekking tot de uitoefening van stemrechten.</p> <p>Bij een uitgifte van Aandelen heeft iedere Aandeelhouder voorkeursrecht naar evenredigheid van de totale nominale waarde van zijn Aandelen. Aandeelhouders hebben geen voorkeursrecht met betrekking tot Aandelen die zijn uitgegeven tegen storting anders dan in geld of Aandelen die zijn uitgegeven aan werknemers van de Vennootschap of de Groep. Deze voorkeursrechten gelden ook in geval van verlening van rechten tot het inschrijven op Aandelen, maar zijn niet van toepassing op de uitgifte van aandelen aan een partij die een voordien verkregen inschrijvingsrecht uitoefent.</p> <p>Voorkeursrechten kunnen worden beperkt of uitgesloten middels een beslissing van de Algemene Vergadering op voorstel van de Raad van Bestuur, welk voorstel eerst dient te zijn goedgekeurd door de Raad van Commissarissen. De Algemene Vergadering mag deze bevoegdheid ook voor een periode van maximaal vijf (5) jaar aan de Raad van Bestuur overdragen, op voorwaarde dat zulk een overdracht eerst is goedgekeurd door de Raad van Commissarissen, en zulks is uitsluitend toegestaan indien de Raad van Bestuur alsdan tevens bevoegd is Aandelen uit te geven.</p> <p>Op voorwaarde van goedkeuring door de Raad van Commissarissen is de Raad van Bestuur voor een periode van achttien (18) maanden gerekend vanaf de Afwikkelingsdatum bevoegd te besluiten Aandelen uit te geven of inschrijvingsrechten voor Aandelen te verlenen, en voorkeursrechten met betrekking tot de uitgifte van Aandelen te beperken of uit te sluiten. Voornoemde bevoegdheden van de Raad van Bestuur zijn beperkt tot (i) een maximum van 5% van het uitgegeven aandelenkapitaal van tijd tot tijd en (ii) een extra 5% van het uitgegeven aandelenkapitaal van tijd tot tijd in verband met overnames, fusies, verzelfstandigingen en strategische allianties.</p>
C.5	Beperkingen op de vrije overdraagbaarheid van effecten	<p>De statuten van de Vennootschap (de “<b>Statuten</b>”) bevatten geen beperkingen met betrekking tot de overdraagbaarheid van de Aandelen.</p> <p>Met betrekking tot de Aanbieding aan personen die gevestigd of woonachtig zijn in, of die burger zijn van, dan wel die een geregistreerd adres hebben in, een land buiten Nederland alsook met betrekking tot de overdracht van Aangeboden Aandelen naar rechtsgebieden buiten Nederland, kunnen evenwel specifieke voorschriften of beperkingen van toepassing zijn.</p>
C.6	Beursnotering en toelating tot handel	<p>Voorafgaand aan de Aanbieding was er geen publieke markt voor de Aandelen. Er is een aanvraag ingediend voor toelating van alle Aandelen tot de handel op Euronext met gebruik van het symbool “SIFG”. Onder voorbehoud van eventuele vervroeging of verlenging van de Aanbieding, zal de handel in de Aandelen op Euronext naar verwachting op of</p>

		omstreeks 12 februari 2016 aanvangen (de “ <b>Noteringsdatum</b> ”) op een “as-if-and-when-issued” basis.
C.7	Dividendbeleid	Wat betreft het jaar 2016 en daarna verwacht de Vennootschap een gewoon dividend te betalen in lijn met de financiële prestaties van de Vennootschap op de midden- en lange termijn en de targets om het dividend per Aandeel geleidelijk te verhogen. Volgens de Vennootschap zal het uitkeringspercentage van het gewone dividend als gevolg van dit beleid schommelen tussen 25% en 40% van de winst van de Groep in het desbetreffende jaar. De Vennootschap verwacht in de eerste helft van 2017 een dividend over 2016 uit te keren, zulks afhankelijk van de winst van de Vennootschap in dat jaar en haar liquiditeitspositie en hefboomwerking alsdan.
<b>Afdeling D – Risico's</b>		
D.1	Voornaamste risico's specifiek voor de Vennootschap of sector	<p><b>Risico's met betrekking tot de activiteiten van de Groep en de sector waarin de Groep actief is</b></p> <ul style="list-style-type: none"> <li>● De winstgevendheid van de Groep zou wezenlijk negatief worden beïnvloed indien de overheidssteun voor duurzame energievoorziening wordt aangepast, niet op het huidige niveau wordt voortgezet of wordt stopgezet.</li> <li>● Het aantal verworven orders en de inkomsten, de cashflow en de winst uit de verkoop van producten van de Groep staan onder invloed van de algemene economische omstandigheden en de economische factoren waarmee de Groep en haar klanten te maken hebben.</li> <li>● Wanneer er reputatieschade wordt toegebracht aan de oplossingen voor offshore windindustrie of olie- en gasindustrie kan dit tot gevolg hebben dat klanten hun orders intrekken of dat de vraag naar de producten van de Groep afneemt.</li> <li>● Schommelingen in de prijzen van andere energiebronnen kunnen een wezenlijke negatieve invloed hebben op de mate waarin de prijzen van de producten van de Groep concurrerend zijn.</li> <li>● Technologische ontwikkelingen kunnen tot gevolg hebben dat er op de energiemarkt minder vraag is naar de oplossingen die door de Groep worden aangeboden.</li> <li>● Schommelingen in de prijzen van grondstoffen en technologische ontwikkelingen op het gebied van alternatieve materialen kunnen een wezenlijk negatief effect hebben op de vraag naar producten van de Groep.</li> <li>● De vraag naar producten van de Groep kan wezenlijk negatief worden beïnvloed wanneer haar klanten worden beperkt in de mate waarin zij in staat zijn projecten te financieren.</li> <li>● De Groep kan hinder ondervinden van toenemende concurrentie van nieuwe of bestaande partijen in de sector en de prijzen van de Groep kunnen onder druk komen te staan.</li> </ul> <p><b>Risico's met betrekking tot de Groep</b></p> <ul style="list-style-type: none"> <li>● De Groep is afhankelijk van belangrijke leveranciers en partners en is gevoelig voor het kredietrisico en de risico's in de toeleveringsketen van haar leveranciers en partners, die van invloed kunnen zijn op de tijdige levering en kwaliteit van grondstoffen en onderdelen.</li> <li>● Afwijkingen of vertragingen in projecten kunnen een wezenlijk negatief effect hebben op de inkomsten, winst en cashflows van de Groep.</li> </ul>

		<ul style="list-style-type: none"> <li>● Het succes en bedrijfsresultaat van de Groep zijn deels afhankelijk van haar goede reputatie en de goede reputatie van haar partners. Wanneer de reputatie van de Groep of haar partners wordt geschaad, kan dit tot gevolg hebben dat klanten in de toekomst geen orders meer aan de Groep verstrekken of dat de Groep minder kansen heeft om orders binnen te halen.</li> <li>● De betrokkenheid van de Groep bij joint ventures en partnerships waarover de Groep geen volledige zeggenschap heeft, zou in de weg kunnen staan aan het verwezenlijken van de doelstellingen van de Groep.</li> <li>● De inkomsten en cashflows van de Groep zijn in de loop van het jaar aan fluctuaties onderhevig en vertragingen in projecten kunnen tot gevolg hebben dat er in aanzienlijke mate wordt afgeweken van de tijdsplanning van projecten en zulks zou een wezenlijk negatief effect kunnen hebben op de inkomsten, winstgevendheid en cashflows van de Groep.</li> <li>● De Groep kan geconfronteerd worden met claims vanwege defecten die zich binnen of na de meldingsperiode voor defecten voordoen.</li> <li>● Wanneer de Groep een project niet op tijd voltooit of een vereist prestatieniveau niet haalt of anderszins verzuimt naar behoren te presteren bij een project, kan de Groep verlies lijden op het desbetreffende project.</li> <li>● De Groep kan moeilijkheden ondervinden bij het op tijd en met de verwachte efficiency opstarten van de fabriek op de Maasvlakte 2.</li> <li>● De Groep heeft een bedrijfsmodel dat qua leveranciers, aangeboden producten, geografische focus en klanten geconcentreerd is.</li> <li>● De exploitatie van de nieuwe tijdelijke faciliteiten in Vlissingen kan extra kosten of vertragingen met zich meebrengen of kan worden verboden.</li> <li>● De Groep vertrouwt in hoge mate op de vaardigheden en ervaring van de leidinggevenden en ander personeel in belangrijke functies in Roermond en, in de toekomst, op de Maasvlakte 2, en wanneer deze werknemers zouden vertrekken, zou dit een wezenlijk negatief effect op de Groep kunnen hebben.</li> <li>● De Groep zou moeilijkheden kunnen ondervinden bij het vinden van voldoende gekwalificeerd personeel voor het effectief inspelen op alle huidige ontwikkelingen.</li> <li>● Onverwachte reparaties van of storingen in de apparatuur van de Groep kunnen aanzienlijke kosten met zich meebrengen.</li> <li>● De interne controlesystemen van de Groep kunnen mogelijk niet alle risico's adequaat signaleren, en de mogelijkheid bestaat dat de Groep de impact van dergelijke risico's niet naar behoren heeft ingeschat.</li> <li>● Niet-naleving van interne procedures kan een daling van de productie en/of een stijging van de kosten tot gevolg hebben.</li> <li>● De Groep en de sector waarbinnen de Groep actief is, zijn onderhevig aan wijzigingen van voorschriften en wetgeving op het gebied van milieu, gezondheid en veiligheid.</li> <li>● Als gevolg van vereisten inzake lokale productie kan de Groep zich verplicht zien om projecten deels in het buitenland uit te voeren of om op te treden als onderaannemer van een leverancier in een buitenlands rechtsgebied, met als gevolg een lagere marge.</li> <li>● De kans bestaat dat de Groep te maken krijgt met geschillen met, en schadeclaims door, klanten, onderaannemers, (voormalige) werknemers en andere contractuele wederpartijen of derden.</li> </ul>
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		<ul style="list-style-type: none"> <li>● Verzuim in de naleving van wetten en voorschriften die op de Groep van toepassing zijn, kan leiden tot disciplinaire, bestuurlijke, civiele en /of strafrechtelijke dwangmaatregelen, boetes, dwangsommen en wettelijke aansprakelijkheid, en kan aanleiding geven tot negatieve publiciteit die schadelijk is voor de bedrijfsvoering en goede naam van de Groep.</li> <li>● De Groep kan te maken krijgen met vorderingen vanwege inbreuk op de intellectuele eigendomsrechten van derden, en dit zou de bedrijfsvoering van de Groep wezenlijk kunnen verstoren en schaden en zou financieel verlies tot gevolg kunnen hebben.</li> <li>● De Groep loopt het risico dat een klant, wederpartij of financieel instrument een betalingsverplichting niet of te laat nakomt, met als mogelijk gevolg een lagere winst van de Groep.</li> <li>● De Groep kan verantwoordelijk worden gesteld voor producten die zijn geleverd door derden die de Groep niet zelf heeft geselecteerd.</li> <li>● De Groep kan worden geconfronteerd met arbeidsgeschillen die haar bedrijfsvoering en haar relatie met haar klanten kunnen verstoren.</li> </ul> <p><b>Financiële risico's</b></p> <ul style="list-style-type: none"> <li>● De voorwaarden van de schulden van de Groep, met inbegrip van haar leningen en projectgerelateerde garanties, kunnen haar financiële flexibiliteit beperken.</li> <li>● De Groep staat bloot aan renterisico en dit zou kunnen leiden tot een lagere winst van de Groep en zou de financiële resultaten wezenlijk negatief kunnen beïnvloeden.</li> <li>● De belastingverplichting van de Groep zou kunnen toenemen wanneer belastingwetten en -voorschriften worden gewijzigd, ongunstig worden geïnterpreteerd, inconsistent worden afgedwongen, hoger blijken te zijn dan verwacht of veranderen.</li> <li>● De Groep blijft hoofdelijk aansprakelijk voor de verplichtingen van de Verkopende Aandeelhouder ten aanzien van Nederlandse vennootschapsbelasting en Nederlandse omzetbelasting, en de Nederlandse belastingdienst mag terugvorderingen heffen voor belasting die is ontstaan in de periode waarin de Vennootschap deel uitmaakte van een fiscale eenheid met de Verkopende Aandeelhouder.</li> <li>● De bedrijfsvoering van de Groep is kapitaalintensief en vereist aanzienlijke kapitaaluitgaven voor apparatuur. Dergelijke contracten zijn kapitaalintensief en vereisen doorgaans dat er met derden afspraken worden gemaakt inzake de schuldfinanciering van aanzienlijke bedragen. Mogelijk heeft de Groep in de toekomst extra vermogen of schuldfinanciering nodig die alsdan mogelijk niet voorhanden zal zijn.</li> <li>● Bij de Groep kan onverwacht behoefte ontstaan aan liquiditeit en schuld-financiering, en deze behoefte kan worden aangewakkerd door factoren waarop de Groep geen invloed heeft, zoals ongunstige kapitaal- en kredietmarktomstandigheden.</li> </ul>
D.3	Voornaamste risico's specifiek voor effecten	<p><b>Risico's met betrekking tot de Aandelen, de Aanbieding en de Aandeelhoudersstructuur</b></p> <ul style="list-style-type: none"> <li>● Voorafgaand aan de Aanbieding opereerde de Vennootschap als een besloten vennootschap en derhalve heeft zij geen ervaring met de bedrijfsvoering van een beursgenoteerde onderneming en de naleving van de verplichtingen van een beursgenoteerde onderneming. De naleving van deze verplichtingen zal resulteren in hogere kosten en de behoefte aan extra management resources en gekwalificeerd</li> </ul>



		<p>accounting-personeel en financieel personeel, en het risico bestaat dat de Vennootschap er niet in slaagt een of meer van deze verplichtingen na te komen.</p> <ul style="list-style-type: none"> <li>● Na de Aanbieding zal de grootste aandeelhouder van de Vennootschap zich in een positie bevinden om substantiële invloed uit te oefenen op de Groep, en de belangen die door zulk een aandeelhouder worden nagestreefd, kunnen verschillen van de belangen van de andere aandeelhouders van de Vennootschap.</li> <li>● De betaling van toekomstige dividenden zal afhangen van de financiële toestand en het bedrijfsresultaat van de Groep, en van de uitkeringen van de operationele dochterondernemingen van de Groep aan de Vennootschap.</li> <li>● Toekomstige verkoop of de mogelijkheid van toekomstige verkoop van een aanzienlijk deel van de Aandelen door de Verkopende Aandeelhouder kan een wezenlijk negatief effect hebben op de koers van de Aandelen.</li> <li>● Het in de toekomst aanbieden van schuldbewijzen of aandelen door de Vennootschap kan een wezenlijk negatief effect hebben op de koers van de Aandelen en kan de waarde van de deelneming van beleggers verminderen.</li> <li>● De mogelijkheid bestaat dat Aandeelhouders buiten Nederland geen voorkeursrechten kunnen uitoefenen bij toekomstige aanbiedingen van aandelen.</li> <li>● De Aandelen zijn niet eerder ter beurse verhandeld, en er bestaat geen garantie dat er een actieve en liquide markt voor de Aandelen zal ontstaan.</li> <li>● Ingeval financiële analisten of sectoranalisten geen rapporten over de bedrijfsvoering van de Vennootschap publiceren of onjuist of negatief over de Vennootschap berichten, kan dit de koers van de Aandelen doen dalen en het aantal transacties in de Aandelen doen afnemen.</li> <li>● Er kunnen zich aanzienlijke schommelingen voordoen in de koers van de Aandelen van de Vennootschap, en beleggers kunnen hun investering geheel of deels verliezen.</li> <li>● Ingeval de Aanbieding niet plaatsvindt, worden verkopen van de Aanbieden Aandelen niet in aanmerking genomen en worden transacties in de Aanbieden Aandelen nietig verklaard.</li> <li>● De Vennootschap is een houdstermaatschappij en heeft weinig activa om winst mee te genereren. De Vennootschap is afhankelijk van haar dochterondernemingen die haar de middelen moeten verschaffen om aan haar verplichtingen te voldoen en dividenden uit te keren.</li> <li>● Beleggers met een referentievaluta anders dan de euro staan bloot aan bepaalde valutarisico's bij belegging in de Aandelen.</li> <li>● Schommelingen in wisselkoersen kunnen een wezenlijk negatief effect hebben op de inkomsten, winst en financiële toestand van de Groep.</li> </ul>
<b>Afdeling E – Aanbieding</b>		
E.1	Netto-opbrengsten en geraamde kosten	<p>De vennootschap ontvangt geen opbrengsten van de Aanbieding, waarvan de netto-opbrengsten ten goede komen aan de Verkopende Aandeelhouder. De Vennootschap zal met betrekking tot de Aanbieding ongeveer EUR 1,5 miljoen aan kosten, provisies en belastingen moeten betalen. Dit bedrag bestaat hoofdzakelijk uit honoraria van adviseurs (kosten van advies door juridisch adviseurs, accountants en andere adviseurs).</p>

		<p>De rest van de honoraria (Underwriter honoraria en kosten van advies door juridische adviseurs), welke worden geschat op een bedrag van EUR 4.1 miljoen (op basis van een Uitgifteprijs halverwege de bandbreedte van de Uitgifteprijs en uitgaande van de verkoop van het maximum aantal Aangeboden Aandelen door de Verkopende Aandeelhouder en geen uitoefening van de Overtoewijzingsoptie die in verband met de Aanbieding kan worden verleend door de Verkopende Aandeelhouder), zullen worden gedragen door de Verkopende Aandeelhouder. Daarnaast zal circa 35 à 45% van de Aanbiedingsbeloning (zoals hieronder gedefinieerd) worden betaald door de Verkopende Aandeelhouder (het exacte bedrag is afhankelijk van de bedrijfswaarde ten tijde van de Aanbieding). Het resterende deel is voor rekening van de Vennootschap.</p> <p>Na aftrek van de bovengenoemde geraamde kosten, verwacht de Verkopende Aandeelhouder ongeveer EUR 115.6 miljoen aan netto-opbrengst te ontvangen van de Aanbieding op basis van een Uitgifteprijs halverwege de bandbreedte van de Uitgifteprijs en uitgaande van de verkoop van het maximum aantal Aangeboden Aandelen door de Verkopende Aandeelhouder en geen uitoefening van de Overtoewijzingsoptie die in verband met de Aanbieding kan worden verleend door de Verkopende Aandeelhouder).</p>
E.2a	Redenen voor de Aanbieding, bestemming van de opbrengsten	<p>Volgens de Vennootschap en de Verkopende Aandeelhouder is de Aanbieding een logische volgende stap in de ontwikkeling van de Groep, en vindt de Aanbieding plaats op het juiste moment gezien het huidige profiel en ontwikkelingsniveau van de Groep. De Vennootschap verwacht dat de Aanbieding het beeld van het bedrijfsprofiel van de Groep bij beleggers, zakenpartners, klanten en werknemers een positieve impuls zal geven en dat dit de Groep naar verwachting nog succesvoller zal maken. De Aanbieding zal de Groep naar verwachting bovendien extra financiële flexibiliteit en diversiteit verlenen dankzij toegang tot kapitaalmarkten.</p> <p>Wat betreft de Verkopende Aandeelhouder is de Groep uitgegroeid tot het grootste activum in de portefeuille Egeria Capital B.V., de grootste aandeelhouder in de Verkopende Aandeelhouder. Daarom is de Aanbieding voor Egeria een logische stap in de diversificatie van haar portefeuille.</p> <p>Egeria is voornemens om mettertijd haar aandeel in de Vennootschap verder van de hand te doen, daarbij rekening houdend met marktomstandigheden en zich richtend op een goed georganiseerde en liquide aftermarket.</p>
E.3	Voorwaarden van de Aanbieding	<p><b>Aangeboden Aandelen</b></p> <p>De Verkopende Aandeelhouder biedt in totaal 8.000.000 Aangeboden Aandelen (exclusief eventuele Extra Aandelen) aan in het aandelenkapitaal van de Vennootschap teneinde een bedrag van maximaal EUR 136 miljoen op te halen.</p> <p>De Aanbieding bestaat uit (a) een openbare aanbieding voor particuliere en institutionele beleggers in Nederland en een notering van de Aandelen van de Vennootschap op de gereguleerde markt van Euronext en (b) een onderhandse emissie ten behoeve van bepaalde institutionele beleggers in diverse rechtsgebieden. De Aangeboden Aandelen worden aangeboden (i) aan gekwalificeerde institutionele beleggers in de Verenigde Staten zoals gedefinieerd in Rule 144A van de U.S. Securities Act of 1933, zoals laatstelijk gewijzigd (de “<b>Securities Act</b>”) en (ii) in offshore transacties buiten de Verenigde Staten op basis van Regulation S van de Securities Act. De Aanbieding wordt uitsluitend gedaan in rechtsgebieden waar, en aan personen aan wie, deze rechtsgeldig mag worden gedaan.</p>

	<p><b>Overtoeijingsoptie</b></p> <p>De Verkopende Aandeelhouder heeft de Joint Global Coordinators (zoals hieronder gedefinieerd) namens de Underwriters (zoals hieronder gedefinieerd) de optie verleend, die kan worden uitgeoefend binnen 30 kalenderdagen na de Noteringsdatum, op grond waarvan de Joint Global Coordinators van de Verkopende Aandeelhouder mogen eisen dat er tegen Uitgifteprijs maximaal 1.200.000 extra aandelen worden verkocht, zijnde maximaal 15% van het totale aantal Aangeboden Aandelen dat in de Aanbieding wordt verkocht (de “<b>Extra Aandelen</b>”), zulks ter afdekking van short posities als gevolg van in verband met de Aanbieding gedane overtoewijzingen en de uitvoering van eventuele stabilisatietransacties.</p> <p><b>Uitgifteprijs en aantal Aangeboden Aandelen</b></p> <p>De prijs van de Aangeboden Aandelen (de “<b>Uitgifteprijs</b>”) zal naar verwachting tussen EUR 14,00 en EUR 17,00 (inclusief) per Aangeboden Aandeel (de “<b>Bandbreedte van de Uitgifteprijs</b>”) bedragen. De Uitgifteprijs en het exacte aantal Aangeboden Aandelen zal worden vastgesteld op basis van een bookbuilding-procedure. De Uitgifteprijs kan worden vastgesteld binnen, boven of onder de Bandbreedte van de Uitgifteprijs. De Uitgifteprijs en het exacte aantal Aangeboden Aandelen wordt bepaald door de Verkopende Aandeelhouder na overleg met de Vennootschap en de Joint Global Coordinators (zoals hieronder gedefinieerd) na afloop van de Aanbiedingsperiode, inclusief een eventuele vervroeging of verlenging, op basis van de bookbuilding-procedure en rekening houdende met de economische situatie en marktomstandigheden, een kwalitatieve en kwantitatieve inschatting van de vraag naar de Aangeboden Aandelen, en andere factoren die van toepassing worden geacht. De Uitgifteprijs, het exacte aantal te verkopen Aangeboden Aandelen en het maximum aantal Extra Aandelen zal worden bekendgemaakt in een pricing statement (de “<b>Pricing Statement</b>”) die zal worden gepubliceerd in een persbericht dat ook op de website van de Vennootschap zal worden geplaatst en zal worden gedeponeerd bij de AFM.</p> <p>De Bandbreedte van de Uitgifteprijs is een indicatieve prijsbandbreedte. De Verkopende Aandeelhouder behoudt zich het recht voor om, na overleg met de Vennootschap en de Joint Global Coordinators (zoals hieronder gedefinieerd), de Bandbreedte van de Uitgifteprijs te wijzigen en/of het maximum aantal Aangeboden Aandelen voor het eind van de Aanbiedingsperiode te verhogen, of om het aantal Aangeboden Aandelen te verlagen. Zulk een wijziging zal vóór het eind van de Aanbiedingsperiode worden aangekondigd in een persbericht (dat ook op de website van de Vennootschap zal worden geplaatst).</p> <p><b>Aanbiedingsperiode</b></p> <p>Onder voorbehoud van vervroeging of verlenging van de tijdsplanning voor de Aanbieding kunnen potentiële beleggers inschrijven op de Aangeboden Aandelen gedurende de periode die aanvangt om 9:00 uur Nederlandse tijd op 1 februari 2016 en eindigt om 14:00 uur Nederlandse tijd op 11 februari 2016 (de “<b>Aanbiedingsperiode</b>”). De Aanbiedingsperiode voor Nederlandse particuliere beleggers eindigt om 17:30 uur Nederlandse tijd op 10 februari 2016.</p> <p><b>Toewijzing</b></p> <p>De toewijzing van Aangeboden Aandelen zal naar verwachting plaatsvinden na afloop van de Aanbiedingsperiode op of omstreeks 11 februari 2016, zulks onder voorbehoud van vervroeging of verlenging van de tijdsplanning van de Aanbieding. De toewijzing aan beleggers die hebben ingetekend op de Aangeboden Aandelen zal op discretionaire basis plaatsvinden, en na overleg met de Vennootschap en de Joint Global</p>
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		<p>Coördinatoren behoudt de Verkopende Aandeelhouder volledige zeggenschap over het in overeenstemming met de wet al dan niet toewijzen van de Aangeboden Aandelen en de wijze waarop deze worden toegewezen. Er bestaat geen maximum of minimum aantal Aangeboden Aandelen waarop potentiële beleggers kunnen inschrijven en er zijn meerdere (intekeningen of) inschrijvingen toegestaan. Ingeval er sprake is van overinschrijving op de Aanbieding bestaat de mogelijkheid dat beleggers minder Aangeboden Aandelen ontvangen dan waarop zij hebben ingeschreven.</p> <p><b>Preferente toewijzing aan particuliere beleggers</b></p> <p>Er zal een preferente toewijzing van de Aangeboden Aandelen plaatsvinden voor in aanmerking komende particuliere beleggers in Nederland (de “<b>Preferente toewijzing aan Particuliere beleggers</b>”). Elke in aanmerking komende particuliere belegger in Nederland (elk een “<b>Nederlandse particuliere belegger</b>”) wordt de eerste 350 (of minder) Aangeboden Aandelen toegewezen waarop hij heeft ingeschreven, indien het totaal aantal Aangeboden Aandelen waarvoor Nederlandse particuliere beleggers zich hebben ingeschreven onder de Preferente toewijzing aan particuliere beleggers meer zou zijn dan 10% van het totaal aantal Aangeboden Aandelen, ervan uitgaand dat de Overtoewijzingsoptie niet wordt uitgeoefend, dan kan de Preferente toewijzing aan iedere Nederlandse particuliere belegger <i>pro rata</i> worden verlaagd tot minder dan de eerste 350 (of minder) Aangeboden Aandelen waarvoor een dergelijke belegger zich heeft ingeschreven. Dit houdt in dat aan Nederlandse particuliere beleggers mogelijk niet alle 350 (of minder) Aangeboden Aandelen waarop zij hebben ingeschreven worden toegewezen. Het exacte aantal Aangeboden Aandelen dat wordt toegewezen aan Nederlandse particuliere beleggers wordt vastgesteld na afloop van de Aanbiedingsperiode. Om in aanmerking te komen voor Preferente toewijzing aan particuliere beleggers, moeten Nederlandse particuliere beleggers hun inschrijving indienen tussen 9:00 CET op 1 februari 2016 en 17:30 CET op 10 februari 2016 via financiële tussenpersonen. Financiële tussenpersonen kunnen verschillende deadlines toepassen voor de inschrijving voor het einde van de Aanbiedingsperiode.</p> <p><b>Betaling</b></p> <p>Betaling (in euro's) van de Aangeboden Aandelen, en betaling (in euro's) van eventuele Extra Aandelen overeenkomstig de Overtoewijzingsoptie, indien zulk een optie is uitgeoefend voorafgaand aan de Afwikkelingsdatum (zoals hieronder gedefinieerd), zal naar verwachting plaatsvinden op 16 februari 2016 (de “<b>Afwikkelingsdatum</b>”). Eventuele belastingen en kosten zijn voor rekening van de belegger. Beleggers dienen op of vóór de Afwikkelingsdatum (of eerder in geval van een eerdere sluiting van de Aanbiedingsperiode en daarmee samenhangende vervroeging van de prijsbepaling, toewijzing, aanvang van de handel en afwikkeling) de Uitgifteprijs volledig in euro's te betalen in onmiddellijk beschikbare geldmiddelen.</p> <p><b>Levering van Aandelen</b></p> <p>De Aangeboden Aandelen zullen in girale vorm worden geleverd via de faciliteiten van het Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (“<b>Euroclear Nederland</b>”).</p> <p>Ingeval de afwikkeling niet plaatsvindt op de Afwikkelingsdatum zoals gepland of in het geheel niet plaatsvindt, kan de Aanbieding worden ingetrokken, in welk geval alle inschrijvingen op Aangeboden Aandelen komen te vervallen, alle gerealiseerde toewijzingen nietig worden verklaard</p>
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	<p>en alle gedane inschrijvingsbetalingen zullen worden gerestitueerd zonder rente of andere compensatie. Alle handel in Aandelen voorafgaand aan de Afwikkelingsdatum is uitsluitend voor risico van desbetreffende partijen.</p> <p><b>Underwriting overeenkomst</b></p> <p>De Vennootschap, de Verkopende Aandeelhouder en de hieronder genoemde underwriters (de “<b>Underwriters</b>”) zullen op of omstreeks 1 februari 2016 een Underwriting overeenkomst aangaan met betrekking tot de aanbieding en verkoop van de Aangeboden Aandelen (de “<b>Underwriting overeenkomst</b>”). Onder de voorwaarden en met inachtneming van de bepalingen vastgelegd in de Underwriting overeenkomst komen de Underwriters ieder afzonderlijk overeen om kopers te werven voor de Aangeboden Aandelen of, ingeval er geen kopers zijn geworven, deze zelf te kopen, en de Verkopende Aandeelhouder komt overeen om de Aangeboden Aandelen te verkopen aan de kopers die door de Underwriters zijn geworven of, ingeval er geen kopers zijn geworven, deze aan de Underwriters zelf te verkopen.</p> <p>In de Underwriting overeenkomst wordt vastgelegd dat de verplichting van de Underwriters tot het werven van kopers onderworpen is aan bepaalde opschortende voorwaarden, waaronder: (i) de afwezigheid van enige wezenlijke negatieve wijziging in dan wel van een wezenlijk nadelig effect op de omstandigheden, het eigen vermogen, de bedrijfsresultaten, de cashflow, de inkomsten, het beheer, de zakelijke activiteiten, de projectontwikkeling, de solvabiliteit, de creditrating of de vooruitzichten van de Vennootschap en haar dochterondernemingen, als geheel beschouwd; (ii) het ontvangen van opinies over bepaalde juridische kwesties door advocaten; (iii) het onverminderd van kracht zijn van de goedkeuring van onderhavig Document door de AFM; (iv) de toelating van de Aangeboden Aandelen voor notering op Euronext Amsterdam uiterlijk om 8:00 uur Nederlandse tijd op de Noteringsdatum; (v) de acceptatie van de Aandelen voor girale overdracht door Euroclear Nederland. De Underwriters hebben het recht geheel of deels afstand te doen van de eis dat aan een of meer van deze voorwaarden moet worden voldaan.</p> <p>De Underwriting overeenkomst bevat standaardbepalingen inzake beëindiging, ingevolge welke de Underwriters tot de Afwikkelingsdatum mogen opteren voor beëindiging van hun individuele verplichtingen uit hoofde van de Underwriting overeenkomst ingeval, onder meer: (i) een verklaring vervat in onderhavig Document materieel onwaar, onjuist of misleidend blijkt, of indien er materiële informatie ontbreekt in onderhavig Document, en de Vennootschap niet in staat is overeenkomstig toepasselijke wetgeving zorg te dragen voor correctie van zulk een onware, onjuiste of misleidende verklaring of opname van dergelijke belangrijke ontbrekende informatie; (ii) er sprake is van een kwestie die de publicatie van een aanvullend prospectus krachtens toepasselijke regels noodzakelijk maakt; (iii) er sprake is van niet-naleving door de Vennootschap of de Verkopende Aandeelhouder van garanties of bepalingen van de Underwriting overeenkomst; (iv) er sprake is van opschorting van de handel op Euronext Amsterdam of een andere gereguleerde aandelenbeurs of over-the-counter markt; (v) er in het Verenigd Koninkrijk, Nederland, de Verenigde Staten of de staat New York of in enig ander relevant rechtsgebied een bankmoratorium wordt afgekondigd; en (vi) er sprake is van een uitbraak van vijandelijkheden of een wezenlijke negatieve wijziging op financiële markten, in wisselkoersen of in deviezencontroles of indien er sprake is van een calamiteit of crisis die de Aanbieding onmogelijk of onverstandig maakt.</p> <p><b>Joint Global Coordinators, Joint Lead Managers en Underwriters</b>  ABN AMRO Bank N.V. en HSBC Bank plc treden op als “<b>Joint Global Coordinators</b>” voor de Aanbieding. ING Bank N.V. en Coöperatieve</p>
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		<p>Rabobank U.A treden op als “<b>Joint Lead Managers</b>” (en tezamen met de Joint Global Coordinators als de Underwriters).</p> <p><b>Noteringsagent en Betaalkantoor</b>  ABN AMRO Bank N.V. is Noteringsagent en Betaalkantoor met betrekking tot de Aangeboden Aandelen op Euronext Amsterdam.</p> <p><b>Retail Coordinator</b>  ABN AMRO Bank N.V. is de Retail Coordinator met betrekking tot de Preferente toewijzing aan particuliere beleggers.</p> <p><b>Stabilisatieagent</b>  HSBC Bank plc is de Stabilisatieagent met betrekking tot de Aandelen op Euronext Amsterdam.</p>
E.4	Belangen die van betekenis zijn voor de Aanbieding (met inbegrip van tegenstrijdige belangen)	<p>Enkele van de Underwriters en/of hun respectieve gelieerde ondernemingen hebben zich in het verleden beziggehouden met en zouden zich in de toekomst van tijd tot tijd kunnen bezighouden met commercial banking, investment banking, het geven van financiële adviezen en het uitvoeren van bijkomende activiteiten in het normale zakelijke verkeer met de Vennootschap en/of de Verkopende Aandeelhouder of partijen die daaraan gelieerd zijn, en in het kader daarvan hebben zij de gebruikelijke vergoedingen en provisies ontvangen en kunnen zij in de toekomst de gebruikelijke vergoedingen en provisies ontvangen. ING Bank en Coöperatieve Rabobank U.A hebben (in ieder geval, rechtstreeks of via een gelieerde onderneming) afspraken gemaakt om op te treden als kredietverstrekker voor de Vennootschap onder bestaande kredietovereenkomsten, in het kader waarvan zij vergoedingen en provisies hebben ontvangen en mogelijk in de toekomst zullen ontvangen.</p> <p>Voorts kunnen de Underwriters en/of hun respectieve gelieerde ondernemingen in het kader van hun normale bedrijfsuitoefening voor beleggingsdoeleinden effecten van de Vennootschap, de Verkopende Aandeelhouder en of hun respectieve gelieerde ondernemingen aanhouden en kunnen dergelijke effecten mogelijk in de toekomst worden aangehouden. Daarom is het delen van informatie in het algemeen om reden van vertrouwelijkheid beperkt door interne procedures en door regels en voorschriften. Als gevolg van deze transacties hebben deze partijen mogelijk belangen die niet op één lijn liggen met, of tegenstrijdig zouden kunnen zijn met, de belangen van (potentiële) houders van Aangeboden Aandelen dan wel met de belangen van de Vennootschap.</p>
E.5	Persoon of entiteit die aanbiedt de effecten te verkopen; lock-up overeenkomsten	<p>De Verkopende Aandeelhouder biedt Aandelen in het kapitaal van de Vennootschap aan.</p> <p><b>Lock-up Vennootschap</b>  De Vennootschap is met de Underwriters op grond van de Underwriting overeenkomst overeengekomen dat de Vennootschap gedurende een periode van 360 dagen gerekend vanaf de Afwikkelingsdatum niet, zonder de voorafgaande goedkeuring van de Joint Global Coordinators, welke goedkeuring door de Joint Global Coordinators naar eigen goedgevoelen te allen tijde mag worden verleend, handelend namens de Underwriters, Aandelen of andere aandelen in de Vennootschap of enig effect converteerbaar in, uitoefenbaar of inwisselbaar voor Aandelen of andere aandelen in de Vennootschap rechtstreeks of indirect zal uitgeven, aanbieden, verpanden, verkopen of aannemen om te verkopen, dan wel een optie zal verkopen of verlenen erop, een recht zal verlenen erop, een warrant of overeenkomst tot de aankoop ervan zal overeenkomen, een optie zal uitoefenen om deze te verkopen, enige optie of overeenkomst tot verkoop zal sluiten, of zal lenen of op andere wijze zal overdragen of afstoten of enige registratieverklaring zal verrichten onder de Securities Act</p>



		<p>dan wel enig ander vergelijkbaar document bij een andere financiële toezichthouder, aandelenbeurs of noteringsautoriteit met betrekking tot het voorgaande zal registreren, enige swap of andere overeenkomst of transactie zal aangaan die rechtstreeks of indirect het economisch eigendom van Aandelen of andere aandelen in de Vennootschap geheel of ten dele overdraagt, ongeacht of zulk een transactie moet worden afgewikkeld door de levering van Aandelen of dergelijke andere effecten, in contanten of op andere wijze, een dergelijke intentie tot het verrichten van zulk een transactie publiekelijk zal aankondigen, of aan haar aandeelhouders of enig ander orgaan van de Vennootschap een voorstel zal doen om het voorgaande teweeg te brengen.</p> <p><b>Lock-up Verkopende Aandeelhouder</b></p> <p>De Verkopende Aandeelhouder is met de Underwriters op grond van de Underwriting overeenkomst overeengekomen dat de Verkopende Aandeelhouder gedurende een periode van 180 dagen gerekend vanaf de Afwikkelingsdatum niet, zonder de voorafgaande goedkeuring van de Joint Global Coordinators, welke goedkeuring door de Joint Global Coordinators naar eigen goeddunken te allen tijde mag worden verleend, handelend namens de Underwriters, Aandelen of andere aandelen in de Vennootschap of enig effect converteerbaar in, uitoefenbaar of inwisselbaar voor Aandelen of andere aandelen in de Vennootschap rechtstreeks of indirect zal uitgeven, aanbieden, verpanden, verkopen of aannemen om te verkopen, dan wel een optie zal verkopen of verlenen erop, een recht zal verlenen erop, een warrant of overeenkomst tot de aankoop ervan zal overeenkomen, een optie zal uitoefenen om deze te verkopen, enige optie of overeenkomst tot verkoop zal sluiten, of zal lenen of op andere wijze zal overdragen of afstoten of van de Vennootschap zal vragen of eisen dat de Vennootschap enige registratieverklaring zal verrichten onder de Securities Act dan wel enig ander vergelijkbaar document bij een andere financiële toezichthouder, aandelenbeurs of noteringsautoriteit met betrekking tot het voorgaande zal registreren, enige swap of andere overeenkomst of transactie zal aangaan die in het geheel of ten dele, rechtstreeks of indirect het economisch eigendom van Aandelen of andere aandelen in de Vennootschap overdraagt, ongeacht of zulk een transactie moet worden afgewikkeld door de levering van Aandelen of dergelijke andere effecten, in contanten of op andere wijze, een dergelijke intentie tot het verrichten van zulk een transactie publiekelijk zal aankondigen, of aan de aandeelhouders van de Vennootschap of enig ander orgaan van de Vennootschap een voorstel zal doen om het voorgaande teweeg te brengen. Het voorgaande is niet van toepassing op: de verkoop van de Aangeboden Aandelen en de Extra Aandelen in de Aanbieding en het uitlenen van Aandelen aan de Joint Global Coordinators (handelend namens de Underwriters) op grond van de Aandelenleningsovereenkomst.</p>
E.6	Verwatering	Niet van toepassing. Omdat er uitsluitend bestaande aandelen worden aangeboden, zal de Aanbieding geen verwaterend effect hebben.
E.7	Geraamde kosten die door de Vennootschap aan de beleggers worden aangerekend	Niet van toepassing. Door de Vennootschap of de Verkopende Aandeelhouder zijn of worden met betrekking tot de Aanbieding geen kosten bij de beleggers in rekening gebracht.

## 2. RISK FACTORS

*Before investing in the Shares, prospective investors should carefully consider the risks and uncertainties described below, together with the other information contained or incorporated by reference in this Document. The occurrence of any of the events or circumstances described in these risk factors, individually or together with other circumstances, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. In that event, the value of the Shares could decline and an investor might lose part or all of its investment.*

*All of these risk factors and events are contingencies, which may or may not occur. The Group may face a number of these risks described below simultaneously and one or more risks described below may be interdependent. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the business, results of operations, financial condition and prospects of the Group.*

*The risk factors are based on assumptions that could turn out to be incorrect. Furthermore, although the Group believes that the risks and uncertainties described below are the material risks and uncertainties concerning the Group's business and the Shares, they are not the only risks and uncertainties relating to the Group and the Shares. Other risks, facts or circumstances not presently known to the Group, or that the Group currently deem to be immaterial could, individually or cumulatively, prove to be important and could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. The value of the Shares could decline as a result of the occurrence of any such risks, facts or circumstances or as a result of the events or circumstances described in these risk factors, and investors could lose part or all of their investment.*

*Prospective investors should read and carefully review the entire Document and should reach their own views before making an investment decision with respect to any Shares. Furthermore, before making an investment decision with respect to any Shares, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Shares and consider such an investment decision in light of their personal circumstances.*

### **Risks relating to the Group's business and industry**

***The Group's profitability would be materially adversely affected if current governmental support of renewable energy would be modified, not renewed at the current levels, or at all.***

The Group's products form part of the production chain to produce wind turbines for offshore wind farms. As such, its revenue is directly dependent on the development of offshore wind farms and demand for wind turbines. In the year ended 31 December 2014, the offshore wind segment accounted for approximately 70.6% of the Group's gross profit (nine months ended 30 September 2015: approximately 81.9%).

Governments in many countries support the expansion of wind power and such support has been a significant contributing factor in the growth of the offshore wind industry, and consequently the growth of the market for the products offered by the Group. Support for investments in wind power is typically provided through financial incentive schemes or public grants to the owners of wind power systems, for example through subsidising tariffs on power generated by wind turbines or tax incentives promoting investments in wind power. In recent years, however, government support schemes have been under pressure due to government budget austerity measures. Should government austerity measures, retrospective cuts on remuneration affecting the wind power industry or other uncertainty around incentives continue or increase; where already adopted, or be imposed in other countries, the Group could experience decreases in its order intake. For more information on the governmental policies, see 'Industry'.

Although the countries that represent the Group's core markets, such as the Netherlands, the United Kingdom, Germany and France, have set general goals for the period from 2020 to 2030, they have not yet made the relevant subsidy decisions. Therefore, it is uncertain how EU-wide and national policies, primarily in the Group's core markets, will affect the market for wind power after 2020, when current subsidy policies expire with respect to countries that have not yet committed to subsidy policies up to 2030, such as the Netherlands. Governmental support could also be reduced or eliminated, for instance, as a result of political shifts.

With the increased focus on climate change, there is now a much greater public and political interest in a far broader range of renewable energy sources, going beyond the traditional "renewables", such as solar, wind and hydroelectricity. This broadening focus, coupled with the drive in many countries

for diversification of energy sources means that modern biomass, geothermal energy, tidal energy and biofuels, as well as nuclear power, are all competing for governmental support and a prioritised focus, which may have an adverse impact on the level of funding or subsidy allocation that may have otherwise been available to wind energy and, in particular, to the offshore wind segment in which the Group operates.

Any decrease in or withdrawal of governmental support and changes to or the abolition of any incentives could result in a material and adverse change in demand for offshore wind solutions. In turn, this could materially and adversely affect the demand for the products of the Group and therefore its financial condition, business and prospects. In addition, governmental support could be depleted more quickly than expected, for instance, due to electricity prices being lower than expected which results in more financing required for offshore wind projects. This could have a material negative impact on the number and size of projects started, and therefore also materially and adversely affect the business and prospects of the Group.

***The Group's order intake, revenue, cash flow and profits from the sale of its products are impacted by the general economic environment and economic factors affecting it and its customers.***

The Group's business and operations depend principally upon conditions prevailing in the offshore wind and oil & gas industries. Demand for offshore energy solutions can be negatively affected by a number of political and economic factors beyond the Group's control, including, but not limited to, fluctuations in worldwide demand for energy, decreases in energy prices, adverse changes in political and economic conditions in areas where offshore wind farms can be built and oil & gas exploration occurs or where owners or exploiters of offshore wind farms or oil & gas fields are located, disappointing results from the offshore wind farms and oil & gas fields and the introduction of new regulatory restrictions.

Historically, demand for offshore exploration, development and production of fields has been volatile and linked to the prices of oil and gas. Low oil prices typically lead to a reduction in exploration, as oil companies scale down their budgets. Furthermore, the natural decrease in the number of existing oil and gas fields could result in decreased revenue for the Group as fewer new projects become available, leading to a decline in demand for its products.

***Any reputational damage to offshore wind or oil & gas solutions may result in customers withdrawing orders or a decrease in demand for the Group's products.***

Although not involving the Group's products, in the past, there have been several incidents with respect to offshore wind solutions, for instance in relation to grouted connections connecting the monopile and transition piece and wind turbines, in which a malfunction resulted in high costs of repair. Any additional material defect in the products used in offshore wind farms or oil & gas fields or any calamity that may arise with respect to the Group's products or product types and the resulting negative perception towards the solutions offered by the Group could shift demand away from such products towards other solutions such as onshore wind farms, floating wind farm solutions or alternative sources of energy.

For instance, if a serious defect in a series of wind turbines is detected, forcing several wind turbines to be replaced, the associated cost and potentially significant media coverage could reduce faith in the quality and cost effectiveness of the total offshore wind solution, which would have an adverse impact on the reputation of the offshore wind solution, leading to reduced demand for the Group's products.

***Fluctuations in the prices of other sources of energy could materially and adversely impact the cost competitiveness of the Group's products.***

The demand for offshore wind power and oil & gas projects could be significantly affected by the cost of electricity generated from other sources of energy, such as energy produced from other renewable energy sources, principally solar and hydroelectric power, but also onshore wind energy, tidal or wave energy, biomass energy and photovoltaic energy, the main competition to wind power and oil & gas is coal and nuclear-fuelled power generation.

Even though the cost of wind-generated electricity has been decreasing in the past and is expected to further decrease as wind turbine size, design and production continue to improve in efficiency, output and reliability, a significant drop in the price of producing energy based on competing sources could have a material adverse impact on the competitiveness of wind energy, as customers may prefer to develop systems relating to other sources of energy taking advantage of the drop in prices. The same

applies for oil & gas. Such drops may occur if, for instance, a leap in technology occurs such as that being experienced with respect to shale gas and its impact on natural gas prices. A deterioration in wind power's and/or oil & gas's cost competitiveness relative to other sources of energy could result in lower demand for wind power or oil & gas products and therefore in a lower share in the mix of offshore wind and oil & gas.

Similarly, developments in the oil & gas market such as low prices could adversely impact the demand for the Group's products in the offshore wind segment. As the Group's current largest share of revenue and expected growth in the future is in the offshore wind segment (the relative share of the Group's revenue in the oil & gas segment compared to total revenue decreased from 53% (2012) to 42% (2013) to 28% (2014) and to 17% (nine months ended 30 September 2015)), any slowdown in such growth due to developments favouring oil & gas energy may adversely impact the Group's revenue and growth potential.

***Technological developments may result in reduced demand in the energy market for the solutions offered by the Group.***

As a result of technological developments, the demand for offshore wind power could shift to other types of offshore wind power solutions for which the Group's products are not required or are required to a lesser extent. As a result of such shift, there could be a material adverse decline in the demand for the Group's products.

For instance, there could be a breakthrough in the production of jacket wind farm solutions, as a result of which this product could compete with the offshore wind farms that are based on the foundations produced by the Group. If such breakthrough takes place, this could have a significant impact on the demand for the monopile foundations currently provided by the Group.

***Fluctuations in the prices of raw materials and technical developments with respect to alternative materials could materially and adversely affect the demand for the Group's products.***

The primary raw material that the Group uses for its products is steel. Currently, other materials, such as concrete, are either not as cost-effective or are not yet suitable for use as a foundation based on current technology.

Prior to entering into a final agreement with the customer in relation to the price of its services, the Group obtains a quote from its suppliers for the price of its raw materials, of which the most significant is steel. The Group then passes on the price of the raw materials to the price charged to the customer, at no or at a limited margin. As a result, the Group does not incur risks relating to increased costs of prices of raw materials reducing the profit margin on a given project. It does not expect that this will change in the future.

However, if the price of steel significantly increases or the price of other materials decreases, other raw materials for producing foundations may become a cost-efficient alternative to the use of steel. Such price fluctuations could be the result, for instance, of a shock in the supply of steel, or a technological breakthrough with respect to alternative materials. A significant price increase could increase the cost competitiveness of other materials and reduce demand for the Group's products.

As a result of such fluctuations, demand could shift away from steel foundations to foundations that are built using such alternative raw materials. As the Group specialises in tubular structures made from steel, such fluctuations in price could reduce demand for the products produced by the Group, as a result of which its revenue could be materially and adversely affected.

***Demand for the products of the Group could be materially and adversely affected by restrictions in the ability of its customers to finance projects.***

Each offshore wind or oil & gas project represents a substantial investment for which the Group's customers are generally required to obtain project finance or other financing in advance. The financing terms available to the Group's customers, including, in particular, interest rates for such financing, have a significant influence on whether (and when) the Group's customers and their finance providers will proceed with the development of various offshore wind farms or oil & gas projects, and thus utilising the Group's products and services.

Continued adverse financial market conditions may have a follow-on effect on the assessment of the creditworthiness of the Group's customers, including by rating agencies, which may downgrade such customers, and thus reduce the probability of such customers obtaining financing on sufficiently attractive terms to facilitate offshore wind and oil & gas project developments utilising the Group's products.



If the general credit and liquidity conditions worsen, customers may reduce, delay or forego orders, which could result in a decrease in the Group's order intake and gaps in production, which would have an adverse impact on the Group's revenue and profits, particularly in worsening or volatile market conditions.

***The Group could be affected by increasing competition from new and existing industry participants and face pressure on pricing of the Group's products.***

Currently, the Group considers a limited number of companies as its competitors. According to European Wind Energy Association ("EWEA"), the offshore wind monopile foundation industry in Europe is oligopolistic in nature, mirroring the competitive structure of the more mature offshore oil & gas foundations market, with the top three players (EEW, the Group and Bladt) constituting over 80% of market share during 2014. Likewise, in the oil & gas sector, as far as the Group is aware, only two companies (the Group and EEW) currently manufacture large piles and pile sleeves for larger weight structures.

The competitive environment in the industry may, however, become more challenging in the years ahead if large industrial groups enter the market, leveraging their financial and market power and "economies of scale". The Group's current market position could be undermined by any product innovation, customisation and reduction in pricing that might result from increased competition since such competitors would be looking for a way to attract customers with increasingly competitive terms.

In addition, with respect to both offshore wind and oil & gas, the Group provides only a part of a comprehensive solution in the respective value chains. There are competitors with a more comprehensive product offering. Customers may increasingly desire to reduce the number of parties involved, as a result of which the preference for a one-stop solution may increase. This may result in additional competitive pressure on the position of the Group, which could have a material adverse effect on the Group's business, results of operations, financial conditions or prospects.

#### **Risks relating to the Group**

***The Group is dependent on key suppliers and partners and is subject to suppliers' and partners' credit risk and supply chain risks, which may affect the timely delivery and quality of raw materials and components.***

Third party suppliers and partners such as main contractors for which the Group acts as a sub-contractor, the Group's own sub-contractors or joint-venture partners, in particular certain selected suppliers of raw materials, are important to the Group. In respect of components supplied from outside the Group, the Group primarily aims to use large and internationally reputable suppliers. Replacing certain of the most important suppliers would be difficult, particularly within a short period. Any loss of such a supplier or partner or inability of such supplier or partner to fulfil its obligations to the Group, due to bankruptcy, financial weakness, market volatility, or other reasons, which are generally out of the control of the Group, would have a material adverse effect on the Group's operations.

Specifically, the Group generally obtains more than approximately 80% of its steel (the exact percentage varies from year to year), its main required resource (amounting to approximately 50% of the aggregate cost of sales in 2014), from Dillinger Hütte. A framework agreement with Dillinger Hütte is not in place, and agreements are entered into on a project basis through a trade agent. Should Dillinger Hütte cease to provide steel to the Group, the Group may need to make investments and incur delays to adjust the production to a new steel supplier such as Voest, Ilsenburg or Posco in order to replace the shortfall in a timely manner. The investment will relate to handling, cutting and welding of the steel plates on-site, which would be expected to cost around EUR 10 million. Dillinger Hütte is also a parent company of a new competitor, Steelwind (since 2014). In the future, Dillinger Hütte may prefer to provide steel to Steelwind exclusively and stop supplying to the Company to the detriment of the Group as the steel plates provided by Dillinger Hütte are customised to the Group's needs, for example, the edges having been milled and plates being delivered in the correct order to streamline production by the Group.

Furthermore, from the middle of 2011, one of the Group's main sub-contractors, Smulders Foundations B.V. ("Smulders"), encountered financial difficulties, which affected the Group's cooperation with Smulders. In March 2013, Smulders filed for protection from its creditors. As a result, the Group was exposed to several risks, including storage risk and the risk that the Group could not deliver to its customers completed assignments. Due to the conditions set in the joint venture agreement, making the Group jointly and severally liable for the services of Smulders, the

Group was forced to pay approximately EUR 6.5 million in damages to one of its customers, in compensation for delays caused by Smulders filing for protection from its creditors. By making this payment, the Group covered all claims following Smulders filing for protection. In September 2013, the main entities of the Smulders group were partially acquired by the metal branch of the French construction company Eiffage. With that, the continuity of the services performed by Smulders was secured. See ‘Business – Suppliers/supply chain’.

Although the Group has procurement functions and appropriate contractual arrangements are in place, when possible third party suppliers might not deliver goods and services on time and with the required quality or at all, or there may be defects in the components that the Group obtains from third party suppliers, such as steel plates, welding materials and coating products. In addition, the Group has made significant sales commitments to customers, which subjects the supply chain to pressure with regard to delivering according to the agreements. Any delay or failure in the supply of materials may delay construction of the monopiles, jackets and other products, which may result in liabilities including contractual penalties and claims for damages.

***Deviations or delays in relation to projects may have a material adverse effect on the Group’s revenue, earnings and cash flows.***

The Group’s business model is project-oriented. Contract delays and adjustments to the scope of work occur from time to time for a number of reasons, including factors outside of the Group’s control, such as weather, customer credit issues, delayed financing, political pressure and budget constraints.

The Group’s order book represents expected future revenue based on the uncompleted portion of contracts awarded. Although the Group only includes a project in its order book once a full and comprehensive agreement with the customer is reached and the customer has obtained finance for the project (“financial close”), completion of any such project at the value reflected in the order book is subject to a number of assumptions, risks, and estimates, as a result of which, the order book may not be fully indicative of future revenue relating to the performance of the agreed project. In addition, such projects might not be completed and all the revenue anticipated in the order book might not be realised, or might not be realised in the timeframe expected, or might result in profits lower than the level anticipated by the Group.

If disputes with customers arise due to problems with executing contracts, the Group aims at negotiating variations to the contract with its customers to reach a mutually acceptable solution. It is possible however, that no other solution can be negotiated, which could have a significant adverse effect on the Group’s business. Terminations, delays or variations could negatively affect the Group’s order book, could reduce or defer the Group’s revenue and margins and could, particularly in the case of high-value contracts or large numbers of smaller contracts, have a material adverse effect on the Group’s business.

In addition, orders are often awarded on the basis of a non-final design at the tendering phase, which is subsequently developed by the customer into a design that is actually “approved for construction”. The changes related to such final design may have an impact on the costs to be incurred with production. Any increase in costs, which does not result in a proportional increase in revenue, could negatively impact the profit obtained for that project. A discrepancy between revenue and costs for additional work could also take place if the Group fails to timely invoice any work outside and beyond the initially agreed scope of work. As a result, the Group may forego such additional expenses, or it may have trouble timely collecting the additional costs, resulting in a material and adverse effect on the Group’s revenue.

***The Group’s success and results of operations are partly dependent on the strength of its reputation and the reputation of its partners. Any damage to the reputation of the Group or its partners may result in customers not awarding the Group their future business or loss of the opportunity to bid for future business.***

The Group regularly delivers products to its customers through a partnership or joint-venture structure. The Group’s success and results of operations depend significantly on the strength of its reputation, as well as the reputation of its partners. The Group attracts (and retains) business partly as a result of its reputation, and the trust that was built in the past. The reputation of the Group (and its partners) is dependent on a number of factors and may be damaged by, among other things, failed projects, non-compliance with regulations or business principles, health and safety issues (particularly accidents that result in death or severe injury), customer and supplier issues, litigation, employee misconduct, difficulties in operational or financial management, or negative publicity.



For more information on the difficulties the Group encountered with Smulders, see ‘Risk Factors – The Group is dependent on key suppliers and partners and is subject to suppliers’ and partners’ credit risk and supply chain risks, which may affect the timely delivery and quality of raw materials and components.’

Any damage to the reputation of the Group or its partners may result in customers demanding a lower price for the Group’s products, not awarding the Group future business or the opportunity to bid for future business, and may also result in an inability to attract new customers, and may lead to a broader material adverse effect on the Group’s business by way of loss of goodwill.

***The Group’s involvement in joint ventures and partnerships over which the Group does not have full control could prevent the Group from achieving its objectives.***

In order to provide its customers with a comprehensive wind foundation solution, the Group relies and may rely on partnerships, for instance with Smulders, and, from time to time, joint ventures.

In the case of joint ventures and partnerships many decisions relating to the products and/or services, with respect to joint ventures relating to corporate decisions such as equity calls and financings, require the consent, cooperation or approval of the Group’s (joint venture) partners. The Group’s (joint venture) partners may have economic or business interests or objectives that are inconsistent with those of the Group. Material differences and disputes could arise between the Group and its joint venture partners which could result in a dead lock or result in certain consequences such as failure to refinance indebtedness, distribute dividends or withdrawal from the joint venture. If a joint venture partner would fail to make a capital contribution, the joint venture may not be able to make a required investment or alternatively, one of the other partners may have to fund the partner’s share of the capital call. Furthermore, the Group’s joint venture partners may become insolvent and the Group may be liable for its partner’s share of any liabilities relating to such joint venture. Any of the aforementioned situations could have a material adverse effect on the Group’s business, its financial condition and the results of its operations.

***The Group’s revenue and cash flows are subject to fluctuations during the year as a result of gaps between projects and project delays may result in material timing deviations that could materially and adversely affect the Group’s expected revenue, profitability and cash flows.***

The Group’s revenue, cash flows and results from operations fluctuate during the year and will continue to vary due to a number of factors, such as fluctuations in the volume of incoming orders, the timing of receipt of necessary permits or reaching other key milestones, the timing of delivery of large projects, delays in financing and the launch of new projects.

Specifically, if the Group does not succeed in obtaining sufficient engagements that would enable it to continue production at high capacity, the revenue of the Group may be materially and adversely affected. A considerable portion of the Group’s operating expenses are fixed costs that cannot be adjusted according to short-term fluctuations in business activities. As a result, a decrease in revenue in a given period could have a material adverse effect on the Group’s, results of operations. In 2014, for instance, the Group experienced a gap in the order book, as a result of which production levels were lower than the capacity of the Group’s facilities would allow, which adversely affected the revenue of the Group. Since the facilities at Maasvlakte 2, the new harbour in the Rotterdam port, will increase overall production capacity, the risk of not having sufficient demand to be fully operational could be exacerbated.

In addition, the Group’s cash flows fluctuate in line with cash payments made at particular project milestones. For example in the Amrumbank project, the Group was confronted with a delay in the availability of the customer’s installation vessel. Since the delivery condition of the Group was “Free Alongside Ship – under the hook of the installation vessel” payment of the final invoices were delayed by the vessel/hook not being present. Delays in the completion of milestones and/or mechanical completion due to project delays, irrespective of whether any such delays are within the Group’s control, could cause revenue, the related profit margins on projects and cash inflows to be deferred from one year to the next year.

***The Group may be confronted with claims arising from defects that occur within or after the defect notification period.***

In their legal agreements, the Group and its customers generally include a defect notification period. During such period, customers may demand that the Group repairs any defects that arise in relation to the products produced by the Group. The defect notification period typically extends from the date

of completion of the services of the Group in relation to a project until up to eight years later. During this period, the customer may require the Group to repair any defects relating to the products provided by the Group. If a defect arises during a defect notification period, the end date of this period may be extended. Furthermore, in certain cases, depending among others on the jurisdiction and the terms of the specific contract, the Group may remain liable for defects (including but not limited to latent defects) after the defect notification period has ended, both as a result of statutory guarantee periods as well as through mandatory statutory limitation periods. The Group generally strives to exclude the applicability of statutory guarantee or limitation periods, to the extent possible. This is not always the case, in particular for agreements entered into more than one year ago.

Currently, the Group has a quality control system in place on the basis of which documentation and administration of agreements with customers are kept. Prior to the implementation of this system, the Group may not have retained all necessary documentation to determine its position vis-à-vis such claims due to an incomplete administration regarding agreements of projects completed more than two years ago. As a result, the Group could have difficulties determining its position if customers bring claims to the Group regarding such agreements.

At the date of this Document, the Group is not insured against losses as a result of claims under the defect notification period, although it is looking into obtaining insurance against such claims. The absence of such insurance is, in the view of the Group, due to the fact that insurers have difficulties assessing the magnitude of risk as no defects have arisen in the past. As a result, the Group is exposed to the risks involved with defects that result in liability during the term of the defect notification period. If any defect arises, the Group may be forced to repair the defect, which could result in costs even higher than if damages would need to be paid since it may involve man hours and contracting with third parties such as transportation companies to repair the defect.

***If the Group fails to complete a project on time, misses a required performance standard or otherwise fails to adequately perform on projects, the Group may incur a loss on that project.***

The Group usually commits to its customers in its agreements that it will complete projects by a scheduled date, that a project, when completed, will meet agreed required quality standards and that it will be free from defects and function in accordance with the underlying agreement and good wind industry practice. If the project is not completed by the scheduled date, or it fails to meet required quality standards, or the Group fails to perform other contractual obligations, the Group may be liable to pay compensation or damages for breach of contract, incur significant additional costs, or incur a loss or penalties (both contractual penalties, which can amount up to EUR 300,000 a day, and as a result of civil liability), and payment of the Group's invoices may be delayed. In addition, the customer may have the right in certain circumstances to terminate the agreement. In certain projects the Group may need to accept a retention regime, where receipt of the final amount follows only after the customer's full acceptance of the project.

For instance, in March 2013, Smulders, the preferred substructure manufacturer to the Group, filed for protection from its creditors. Following the delay in production that resulted from this process, the Group was forced to pay damages in relation to the delays incurred, amounting to approximately EUR 6.5 million. For more information in relation to Smulders, see 'Risk Factors – The Group is dependent on key suppliers and partners and is subject to suppliers' and partners' credit risk and supply chain risks, which may affect the timely delivery and quality of raw materials and components.'

Under certain agreements, the Group is also responsible for (all or a portion of) the transportation of the products. As a result, the Group may be held liable for defects or delays caused by transportation. Performance of projects can also be affected by a number of factors beyond the Group's control, including unavoidable delays from governmental action, changes in the project scope of services requested by customers, industrial accidents, environmental hazards and disasters, and other factors. In certain cases, the Group may also be subject to agreed financial damages and penalties stipulated in the relevant contract when it fails to meet quality standards or deadlines.

In relation to its large projects, the Group is required to provide a performance bond, warranty bond or advance payment bond, under which the customer may demand payment up to a certain specified percentage from the bank that is party to the performance or warranty bond if it deems the performance of the Group unsatisfactory under the agreement. The relevant bank will then need to pay the stipulated amount to that customer, regardless of the merits of the claim of non-performance. There is a risk that such claims would be made without merits, putting the Group into a position in

which it needs to reclaim the amounts paid out to the customer. Failure to accept a project or pay may result in litigation, with the associated costs or in a failure to recover amounts due.

Finally, any defects in the product provided by the Group caused by a flaw in the design of such product are generally the responsibility of the customer providing the design. However, in some instances, the Group assumes responsibility for providing the detailed design of specific parts of the products, such as a davit crane or navigation light. The Group may therefore be held liable for defects with respect to such specific parts. Similarly, the Group commits itself in some agreements to timely notify the customer of flaws in the design that should be discovered by an experienced contractor. If the Group fails to do so, the Group may be held liable for such flaws, resulting in a material increase in costs. Also, the Group has identified a development in the markets in which it operates towards suppliers of steel tubular foundations assuming responsibility and therefore liability of the design of the product. If this trend continues, the Group may be forced to assume design risk and with that it may incur additional liabilities.

***The Group may have difficulties in ensuring the Maasvlakte 2 facilities will become operational in time and with the expected efficiency.***

The Group recently obtained a right of sub-leasehold (for terrain A, slope and water C and D) for developing new facilities on Maasvlakte 2 in the Rotterdam harbour, which will be integral to the Group's strategy. For more information on this, see 'Business – Maasvlakte 2'. The Group has incurred and will continue to incur risks relating to the construction and use of new facilities at Maasvlakte 2. Firstly, the costs of developing the facilities may be higher than expected, due to, for instance, higher than budgeted costs for building the facilities and obtaining the necessary equipment. The development may take more time than expected and delays may result in additional costs and/or the loss of revenue and incurrence of penalties. Furthermore, the machines – which are largely newly built – may not function as anticipated, which could also result in further delays and costs.

Furthermore, the Group may be confronted with difficulties ensuring the new facilities will become operational in time. This includes finding and training the appropriate employees with sufficient experience and expertise that are willing to operate on Maasvlakte 2 and finalising and executing the agreements with subcontractors such as Van Ginkel for executing the coating of the monopiles. As the manufacturing process at Maasvlakte 2 will be sequential to the processes at Roermond (the shells will be produced in Roermond and will be welded together and coated at Maasvlakte 2), any delay in commencement of operations at Maasvlakte 2 may result in delays and related additional costs if the integration of the production process and transportation system is not fully successful from the start of operation at Maasvlakte 2. For more information on this, see 'Business – Maasvlakte 2'.

The new facilities require a terminal operator to deliver the products at the transport vessels, including all supporting activities such as load-out, customs and logistical support. For these activities the Group is currently seeking a partnership with an experienced terminal operator. The search for and establishment of such partnership may result in delays or higher than anticipated costs.

Pursuant to the zoning plan, the grounds on Maasvlakte 2 on which the Group is currently establishing its facility, are designated for 'harbour and industrial area – chemical' (*Haven- en industriegebied – chemie*). Since the activity of the Group is a deep sea-related activity which according to the municipality of Rotterdam is a desirable development for optimal use of the harbour and industrial sites, the municipality of Rotterdam agreed with Havenbedrijf Rotterdam to grant the Group an environmental permit for the deviation from the zoning plan. This permit is dated 27 October 2015 and allows the Group to build and operate contrary to the designated use according to the zoning plan. This permit has a duration of 10 years (2025).

On behalf of the Municipality of Rotterdam Havenbedrijf Rotterdam will in 2017 update the zoning plan of Maasvlakte 2 in which the zoning plan designation of the grounds of Sif will be adapted to the industrial use envisioned by Sif. This document needs the approval of the Rotterdam City Council.

If this update is not approved and the current zoning plan stays in place and the Municipality of Rotterdam does not again grant the environmental permit for the deviation from the zoning plan ultimately in 2025, the possibility exists that the Group may be forced to vacate its facilities at Maasvlakte 2. The aforementioned right of sub-leasehold is established under the condition subsequent that *inter alia*, the permit is not again granted and the use remains contrary to the permitted use of the zoning plan.

Furthermore, the aforementioned right of sub-leasehold is currently established for a period ending on 30 June 2041 and can be terminated prematurely by the Group on 1 July 2031 with a two years notice. The right of sub-leasehold is established under the conditions subsequent that (in short) the Group does not obtain the required permits for its activities or does not obtain these permits on time, and/or the use is no longer permitted after the lapse of 10 years (as described in the paragraph above), and/or Havenbedrijf Rotterdam N.V. does not obtain the required permits for its works, or does not obtain these permits on time. Pursuant to Dutch law, Havenbedrijf Rotterdam N.V. (the leaseholder) is also entitled to terminate the right of sub-leasehold if the leaseholder is for instance in default in paying the ground-rent for two consecutive years, or if he fails seriously in the performance of his other obligations. The Group is required to vacate its facilities after the termination of the temporary rights of sub-leasehold.

The Group's management has been and will continue to dedicate a significant amount of their time and effort to the development and operation of the new facilities, which may divert their attention from the other business concerns of the Group.

Finally, the results of the Group following this expansion may be lower than expected. For instance, as starting the operations at Maasvlakte 2 is expected to result in a significant increase in the Group's production capacity, the Group may be materially and adversely affected if results of the operations at Maasvlakte 2 are lower than expected, or if the increased supply has a downwards pressure effect on prices or margins. The Group's fixed costs will increase substantially once the facilities become operational. Also, the Group may incur difficulties in realising synergies between its facilities and could be faced with problems in the production chain, for instance as a result of delays in transport.

***The Group has a concentrated business model, in terms of suppliers, products offered, geographical focus and customers.***

The Group specialises in producing large steel tubular structures for which there is a variety of uses, including not only monopiles and parts of jackets, but also for instance jetties and large Ferris wheels. However, all these products remain part of a narrowly defined product category offered, which principal use is in the energy sector. This disproportionately exposes the Group to shocks in demand for the energy sources requiring steel tubular structures (offshore wind and oil & gas) compared to more diversified companies.

In addition, the Group supplies its products to producers, offshore wind farms and oil fields in various countries including, among others, the Netherlands, the United Kingdom, Germany, France, Belgium and Denmark. However, due to the geographic location of these countries, the entire customer base of the Group is exposed to any adverse developments that are specific to (north-)western Europe, such as economic downturns or changes in policy on a European level.

Finally, the Group's customers consist of utility companies, other energy companies and engineering, procurement, construction (and installation in offshore wind projects) ("EPC", "EPCI", or, in case reference is made to both, "EPC(I)") contractors which all operate in the energy business. If there are any adverse developments in relation to those categories of companies, for instance due to a shock in energy prices, the Group may be disproportionately adversely affected by such shock compared to more diversified companies. For more information on risks in relation to the industry of the Group, see 'Risk factors – Risks relating to the Group's business and industry'.

As the Group's products are concentrated in terms of product portfolio, geographic focus and customers, the Group cannot rely on other business segments to maintain revenue and cash flows; therefore the effect of such shock could have a material and adverse effect on the business of the Group, to an even larger extent than would be the case for more diversified companies. Therefore, if any of the other risks relating to the Company, including those that are described in this section, materialise, the negative impact on the business thereof can be larger than for more diversified companies.

***Operating the new temporary facilities at Flushing may result in additional costs, delays or may be prohibited.***

In August 2015, the Group established temporary field-weld and coating facilities at Flushing to accommodate the final assembly and coating of larger size monopiles (in terms of both length and weight of the monopile as well as the amount of coating to be applied). The temporary facilities will be operational until the new facilities at Maasvlakte 2 are ready to accommodate the next project.

The Group is exposed to risks due to the use of such temporary facilities. Firstly, the costs of the use of the temporary facilities may be higher than expected due to for example the intensive use of multi-



wheelers to move half-products and products to or between manufacturing stations. The Group has no significant prior operational experience with using multi-wheelers in an operational set-up.

Furthermore, the Group is implementing new coating techniques and procedures, which may not yield the expected outcome in terms of increased output or quality. The alternative of using the existing techniques is more labour intensive and has longer throughput times. Hence, there is a risk of both cost increases and delays.

The operations at the temporary facilities are carried out under the established environmental permits that do not fully cover the needs of the operations. The local authorities indicated they would temporarily allow the facilities pending the issuance of a broader environmental permit that is fully aligned with the needs of the operations. If the local authorities revoke their indication to allow the facilities or refuse the environmental permit as submitted, the operations will be seriously hampered, resulting in delays and cost increases.

***The Group relies significantly on the skills and experience of the managerial staff and other key personnel in Roermond, and, in the future, Maasvlakte 2, and a loss of these individuals could materially and adversely affect the Group.***

The Group's competitive position and success has been built on the quality of its manufacturing skills and on its ability, both to refine existing techniques, and to identify, develop and implement new techniques. Maintaining a leading role in existing and new manufacturing techniques requires skilled manufacturing staff, who refine and develop those techniques, and skilled managerial staff both at a project level, to manage the implementation of the relevant project, and at the Company level, where sufficient experience and an in-depth knowledge of the Group, its business and strategy, and a sufficient understanding of the industry and markets in which the Group operates, are critical to the successful management of the Group and its business.

No intellectual property rights are registered in the name of the Group. For its business, the Group relies on its employees for retaining proprietary knowledge regarding its products, equipment and manufacturing processes. If the employees with such knowledge are not retained, such knowledge may be lost and/or shared with competitors. As a result, the Group risks losing its competitive advantage.

In addition, the Group may find it difficult to recruit, retain or motivate suitably qualified and experienced manufacturing and managerial staff in sufficient numbers, which could materially and adversely affect the Group's business and prospects.

***The Group may have difficulties with allocating skilled and sufficient human resources to effectively address all current developments.***

At the date of this Document, the Group is undergoing significant developments that require considerable human resources, both on a managerial and broader level. The primary developments include (i) having an order book that is fully covered for the short term, (ii) completing the expansion to Maasvlakte 2 and the resulting changes in the use of the Roermond facilities and (iii) reorganising the Group in order to effectively and efficiently perform its duties as a publicly listed company.

The Group strives to dedicate sufficient resources to address the aforementioned developments together with the on-going business, and as a result, personnel costs may increase. At the same time, the Group continues to favour a lean organisation. If the Group is not able to allocate sufficient qualified personnel to handle the increased workload associated with these developments, the Group may have trouble efficiently and effectively streamlining these work streams, which may result in, for instance, delays, increased costs and/or non-compliance with legal or internal requirements.

In addition, the current size of offshore wind energy projects requires the Group to enhance its project management and contract management capabilities. This is important in relation to the Group's efficient and effective cooperation both with its customers and its sub-contractors. There is a risk that an insufficiently broad implementation of these skills would lead to either claims against the Group from its customers or subcontractors, to missed additional income due to project or design changes to compensate for increased costs, or to non-granting of time extension to cater for project delays.

Furthermore, in relation to technical personnel, there is a risk that the Group will not have sufficient qualified staff. This risk is exacerbated by the use of temporary personnel, who, although they often have been employed at the Group for several years, may not in each case possess the required skills. This could lead to, for instance, an increase in welding mistakes, such as occurred in a previous

project in 2013, which resulted in increased cost relating to having to redo part of the welding, thus reducing the profitability of such project.

Finally, market forces may lead to an increase in the cost of labour.

***Unexpected repairs or breakdowns of the Group's equipment may require substantial expenditure.***

Unexpected repairs or breakdowns of facilities and equipment may involve substantial costs. The Group's operations are dependent on the operating efficiency and reliability of its facilities and equipment in terms of operational readiness and the safety environment. Although the Group always takes into account a level of downtime of equipment when planning a project, any unexpected breakdown or non-performance of facilities and equipment for a prolonged period of time is difficult to predict and in the event of downtime, additional costs and losses may be incurred by the Group's customers arising from the disruption of their workflow and scheduled activities and some of these costs may be passed on to the Group. Rectification of the breakdown or non-performance, depending on its severity, may also require replacement or repair of key components and there may be long lead times required in the procurement of these components. Such rectification of the affected facilities and equipment may require the Group to incur significant costs and may result in such facilities and equipment being out of service and being unable to generate revenue for the Group over extended periods of time.

Breakdowns may take place in the normal course of business, but could also be caused by external factors such as extreme weather conditions, fires or flooding. In such an event, the Group may be unable to meet its contractual obligations with its customers, which in turn may lead to penalties, thus materially and adversely affecting the Group's reputation as well as its results of operations.

***The Group's internal control systems may not adequately identify all risks and the Group may not properly assess the impact such risks may have.***

Risks can manifest themselves in many ways, including business interruption, poor performance, IT system malfunctions or failures, non-performance from partners or subcontractors, breach of applicable laws and regulations, human errors, employee misconduct or internal and external fraud. Timely identification, assessment and, if necessary, treatment of risks as they materialise is critical to the performance of the Group, as is the consistent and disciplined implementation of internal control systems and risk management across the Group as a whole. Although the Group believes to have sufficient internal control mechanisms in place, all as part of the quality management system as described under 'Business – Quality management and health, environment and safety', there remains a risk that the control mechanisms are incomplete or not executed adequately, as a result of which the abovementioned risks may materialise. Such risks may be exacerbated to some extent by having two separate facilities at Roermond and Maasvlakte 2, which requires control systems at both sites and also integrated control systems.

Specifically, the Group is currently in the process of implementing an enterprise resource planning ("ERP") system. ERP systems track business resources – cash, raw materials, production capacity – and the status of business commitments: orders, purchase orders, and payroll. The implementation of the ERP system may suffer delays, or errors may arise, as a consequence of which the Group may not be able to adequately ensure control of all flows within the Group.

***Non-compliance with internal procedures may reduce production and/or increase costs.***

The Group has set up various internal procedures to safeguard the quality of products, health, environment and safety ("HES") of personnel of the Group and its customers. For more information on internal procedures relating to the production process of the Group, please see 'Business – Quality Management, health, environment and safety'.

The Group continuously strives to act in full compliance of all internal procedures, and has set up monitoring and control mechanisms to achieve that. However, health, environmental and/or safety incidents at the Group's production sites may lead to business interruptions, loss of assets, harm to employees and the public, as well as negative publicity and reputational damage.

***The Group and the market in which it operates are subject to changes in environmental, health and safety and other laws and regulations.***

The Group's production process is subject to noise, environment and transport regulations. If such regulations become more stringent, for instance, as a result of pressure from environmental organisations, the Group may be forced to adjust its production process with associated increased



costs and potentially a reduced capacity, which may impact revenue obtained by the Group. For more information on regulations relating to the production process of the Group, see ‘Business – Quality Management, health, environment and safety’.

In addition, such changes may, among other things, extend to permits for wind turbines, as well as the obligation to report on the effects on the environment (*milieueffectrapportage*). In certain situations government coordinated decision-making (e.g. government-imposed zoning plan amendments or integrated environmental permits) may be obliged for the construction of wind turbines. Furthermore, the changes can extend to permitted noise levels of wind turbine generators, the disturbance it may create in relation to marine life, the prescribed distance to be maintained between offshore wind farms and the coast, the height of wind turbines in a given area or impose similar restrictions on offshore wind farm developments. Similarly environmental restrictions during the installation phase of a project (such as noise restrictions or bans on activities during certain periods) may hinder, delay or cancel projects. This may impose significant constraints on the growth of the offshore wind power industry as a whole. As a result, demand for the products offered by the Group may decline, which could materially and adversely affect the revenue of the Group.

***Local content requirements may require the Group to either produce parts of the projects abroad or act as a sub-contractor to a supplier in a foreign jurisdiction, resulting in a lower margin.***

The Group faces governmental requirements that require that local producers form part of the production process for the products offered by the Group, for instance in the United Kingdom (“local content requirements”). If such requirements become more stringent, or if such local content requirements are introduced in other foreign jurisdictions in which the Group is active, the Group may be unable to offer its products or parts of it to such markets direct, or be able to provide its products to a smaller extent.

In addition, the Group may be required by local content requirements to provide its products by using a sub-contractor, while the Group would remain the main contractor and exposed to the full risk of the scope of the engagement. This could result in liabilities which could materially increase the costs incurred by the Group, affecting profitability.

***The Group is subject to the risk of disputes with, and claims by, customers, subcontractors, (former) employees and other contractual counterparties or third parties.***

From time to time, the Group has disputes with customers, subcontractors, former or current employees and other contractual counterparties or third parties. For more information relating to current or threatened litigation proceedings of the Group, please see ‘General information – Legal and arbitration proceedings’.

Such disputes are generally resolved out of court, but claimants may pursue litigation or arbitration, resulting in additional costs, harm to the Group’s reputation and diversion of management attention and resources from daily operations. Where the relevant dispute is with a customer, the dispute may result in accrual of costs and delays in payment and/or payment of settlement fees or penalties, which may in turn have a material adverse effect on the business, cash flows and working capital of the Group, as well as the relationship with that customer and its reputation in general.

***Failure to comply with laws and regulations to which the Group is subject may lead to disciplinary, administrative, civil and/or criminal enforcement actions, fines, penalties and civil liability and may lead to negative publicity harming the Group’s business and reputation.***

The Group is currently and will continue to be subject to laws and regulations relating to several areas such as environment, health and safety, construction, procurement, administrative, accounting, corporate governance, market disclosure, tax, employment and data protection, primarily in the Netherlands. For more information on regulations relating to the production process of the Group, see ‘Business – Quality Management, health, environment and safety’. In addition, the Group is subject to the European Market Infrastructure Regulation (Regulation (EU) 648/2012), which requires the Group to report its derivative positions.

Such laws and regulations may be subject to change and interpretation. Any failure to comply with applicable laws and regulations that may change over time, or the interpretation and enforcement of which may change over time, may lead to disciplinary, administrative, civil and/or criminal enforcement actions, fines, penalties and civil liability. This may carry negative publicity, resulting in a material adverse effect on the Group’s business, results of operations, financial condition, prospects and reputation.

***The Group may be subject to claims for the infringement of intellectual property rights of third parties, which could materially and adversely disrupt the Group's business and cause financial loss.***

The Group may be subject to claims that it is (or its customers or suppliers are) infringing a third party's intellectual property rights. These types of claims could be made by third parties seeking to protect their intellectual property rights portfolio, or by opportunistic companies who acquire patent portfolios for the sole purpose of asserting such claims.

Regardless of its merit or the ultimate outcome, any claim that the Group's systems, products or processes infringe the intellectual property rights of another party could cost the Group significant time and resources, at the expense of other activities of the business. A claim could result in the Group having to pay damages to a third party, temporarily or permanently discontinue the manufacturing, usage, or sale of a particular product, system, technology or process, develop new technology or workarounds, or licence technology from a third party claiming infringement (on potentially unattractive terms). This could result in unexpected costs, disruption to the business, a decrease in the value of the Group's products, services or technology, restrictions on the way the Group can use, market or sell its products or services or do business.

***The Group is exposed to the risk that a customer, or counterparty of a financial instrument, delays or defaults on a payment obligation, which could reduce the Group's profits.***

The Group's outstanding balances with its main debtors are generally, but not in each instance, covered by different instruments to secure payments, such as bank guarantees (which can amount to 50%-100% of the order value for offshore wind and 25-50% for oil & gas), credit insurance, third party guarantees (e.g. parent company guarantees) and documentary evidence confirming financing for the projects being available or in place (e.g. via project finance letters). This limits the exposure to credit risk in relation to its counterparties.

As payments are made upon the Group reaching certain pre-defined milestones, the Group incurs a credit risk on its customers with respect to costs that are incurred before each milestone is reached. The Group has taken out credit insurance to address this risk. Such insurance is capped per (legal entity of) each customer. The caps can be reduced for future risks with a month's notice. The insurance per counterparty covers 90% of the credit loss incurred. In addition, the services of the Group are paid for according to a payment schedule with intermediate payments that are due at specific milestones, also in the form of pre-payments. As the Group provides its products at an early stage in a project, the likelihood of being paid is relatively high. Finally, the Group often has as a counterparty that is a fully funded special purpose vehicle or a strong and reputable yard.

Nonetheless, the Group is exposed to the risk that a customer, or counterparty of a financial instrument, delays or defaults on a payment obligation. Several of the Group's contracts are long-term in duration, and there can be no guarantee that the financial position of the Group's major customers will not materially change during the contracting period. The number of major customers of the Group is limited and the portion of the Group's income they represent is significant, since each project value varies greatly and could amount to up to EUR 200.0 million. The value of a single large contract could amount to 25% to 50% of yearly revenue. Therefore, if the Group's customers, or other counterparties of financial instruments, delay or default on their payment obligations, the Group may suffer a material adverse effect on its results of operations.

In addition, from time to time the Group enters into contracts with customers that are a special purpose vehicle. Special purpose vehicles have no other assets than those required for completing a project such as an offshore wind farm. In such cases, since the Group does not have recourse on other assets than those related to the project (apart from any securities that may be in place, such as guarantees), the credit risk could be increased, with corresponding potential effects on the Group's revenue.

***The Group may become responsible for products provided by parties not selected by itself.***

From time to time, customers may select third party service providers themselves rather than allowing the Group to select them as sub-contractors. In some instances, the customer has the right to require the Group to produce or complete those products if that third party does not perform. This may expose the Group to contractual and operational challenges in order to ensure that it is able to provide quality products in a timely manner. Failure to do so may expose the Group to liability for damages incurred in relation to a delay or defect in the product.

***The Group could experience labour disputes that may disrupt its operations and its relationships with its customers.***

A minority of the employees of the Group is represented by labour unions. Furthermore, collective bargaining agreements are in place, which are subject to periodic renegotiation with labour unions. Strikes or work stoppages could occur prior to, or during, the negotiations preceding new collective bargaining agreements, during wage and benefits negotiations or during other periods for other reasons. Prolonged strikes or work stoppages, which may increase in their severity and frequency, may have an adverse effect on the operations and financial results of the Group. It also may damage the reputation of the Group and the relationship with customers as a result of any delays in production.

#### **Financial risks**

***The terms of the Group's indebtedness, including its borrowings and project-related guarantees may limit its financial flexibility.***

The Group's credit facilities contain financial covenants and operating covenants that must be complied with in order for the credit facilities to remain available to the Group. The operating covenants under the Group's credit facilities restrict certain activities, subject to certain permitted exceptions. The covenants might restrict the Group's flexibility in planning for, or reacting to, changes in the Group's business and industry and increase the Group's vulnerability to adverse economic and industry conditions. In addition, the covenants could materially affect the Group's ability to expand or invest, thereby leading to a passing up of profitable business opportunities or negatively affecting its competitive position. For more information on the financing agreements in place and the covenants included therein, please see 'Operating and financial review – Banking facilities and loans'.

The Group may enter into additional financing arrangements in the future, which could further restrict the Group's financial flexibility.

In the event of non-compliance with any of its financial or operating covenants, the Group may be required to immediately repay its credit facilities. The Group may be unable to finance such a repayment or renegotiate on similar terms.

Failure to comply with a financial or operating covenant, or to satisfy an obligation to repay the credit facilities upon breach of a covenant could result in an event of default, in full or in part, which may materially and adversely affect the Group's business and financial condition.

***The Group is exposed to interest rate risk, which could reduce the Group's profits and materially and adversely affect its financial results.***

The Group has entered into financing agreements with floating interest rates. The Group aims to hedge approximately 66% of the floating interest rate risk by means of swap agreement. Currently, the company has hedged these risks accordingly but the Group may not be able to fully manage these interest rate exposures through the use of interest rate swap agreements, interest rate collars or appropriate hedges since these instruments may not be available in the future, which would mean its protection will become inadequate. In addition, the Group may not be able to maintain its hedge position at favourable rates. Adverse fluctuations and increases in interest rates, to the extent that they are not successfully hedged, could materially and adversely affect the performance of the Group. Furthermore, defaults by a hedge counterparty may materially and adversely affect the Group's results and financial condition.

***The Group's tax liability may increase if tax laws and regulations change or become subject to adverse interpretations or inconsistent enforcement or may be greater than currently anticipated or change.***

Tax laws and regulations applicable to the Group may be subject to change, varying interpretations and inconsistent enforcement which could have a material adverse effect on the Group's profit and financial condition. It is possible that tax authorities in the countries in which the Group operates may introduce additional tax measures. The introduction of any such provisions may affect the Group's overall tax efficiency and may require the Group to pay additional taxes. Any such additional tax exposure could have a material adverse effect on the Group's profit and financial condition. The Group may also face an increase in its (income) taxes, if tax rates increase in the countries in which the Group operate, or treaties between those countries and the Netherlands (or other relevant jurisdictions in which the Group is active) are modified in an adverse manner.

***The Group remains jointly and severally liable for Dutch corporate income tax and Dutch value added tax liabilities of the Selling Shareholder and the Dutch tax authorities may settle Dutch reclaims arising in the period during which the Company was included in a fiscal unity with the Selling Shareholder.***

The Group is a member of a fiscal unity for Dutch corporate income tax purposes and Dutch value added tax purposes with the Selling Shareholder. As a result of the Offering the fiscal unity for Dutch corporate income tax purposes will cease to exist.

After the break-up of the fiscal unity, the Group remains jointly and severally liable for all Dutch corporate income tax liabilities of the fiscal unity, so including the Selling Shareholder, which have arisen in the period during which the Company and Selling Shareholder were included in the fiscal unity. Furthermore, the Dutch tax authorities may settle Dutch reclaims of the Group which have arisen in the period which the Group was included in the fiscal unity with unpaid tax liabilities of other (former) fiscal unity companies relating to the same period.

Following the Listing Date, the fiscal unity for Dutch corporate income tax purposes and the fiscal unity for Dutch value added tax purposes between the Group and the Selling Shareholder will cease to exist, as a result of which the Group will no longer be liable for the tax liabilities of the Selling Shareholder that arise as of the Listing Date. The Selling Shareholder and the Group have contractually agreed that the Group will indemnify the Selling Shareholder for any tax liabilities relating to this fiscal unity that are attributable to the Group. This could materially and adversely impact the financial condition of the Group.

***The Group's business is capital intensive and requires significant capital outlays for equipment. These contracts are capital intensive and typically require that significant amounts of third party debt funding be arranged. The Group may need additional equity or debt funding in the future which may not be available.***

The Group's business is capital intensive and requires significant capital outlays for equipment, which may need to be arranged in advance of securing contracts for the utilisation of such assets.

The Group's existing and future contracts might not provide income adequate to cover the significant fixed and variable costs associated with its projects and there is no assurance that such contracts will be renewed, extended or replaced upon expiration.

In the event that the Group's existing resources and other committed funding are insufficient to fund its investment program and other operating and maintenance activities, the Group may need to raise additional capital to pursue its business strategy in the future. Additional funds may not be available when the Group needs them on terms that are commercially acceptable, or at all. If adequate funds are not available on a timely basis, the Group may curtail development programmes and may be required to delay, scale back, sell or eliminate certain of its assets and/or activities, which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects or cause the Group to discontinue its operations. If the Group raises additional funds by issuing additional equity securities, dilution to the holdings of existing shareholders may result.

***The Group could be subject to unexpected needs for liquidity and debt financing, which could be exacerbated by factors beyond its control, including adverse capital and credit market conditions.***

The Group's financial position and current moderate debt levels, as per current expectations, which may be subject to change, do not require the Group to obtain additional debt in the future, other than the debt arrangements already in place. For more information on the current debt financing arrangements, see 'Operating and financial review – Banking facilities and loans'.

However, market conditions such as an increase in demand or the need to incur additional costs due to, for instance an unexpected break-down of equipment could subject the Group to an unexpected need for liquidity, which may require the Group to increase its levels of indebtedness. Access to financing in the longer term depends on a variety of factors outside the Group's control, such as market conditions, the general availability of funding, the overall availability of credit to the industry, credit capacity, as well as lenders' perception of the Group's long- or short-term financial prospects. From 2008 onwards, the capital and credit markets exerted downward pressure on the availability of liquidity and credit capacity. While this pressure has lessened, this trend may not continue and credit markets may deteriorate beyond levels seen previously. As a result, the Group may not be able to obtain additional financing on favourable terms or at all in the longer term. If access to financing is not available to the Group in amounts sufficient to enable it to fund unexpected liquidity needs, the Group may be required to: (i) reduce or delay its capital expenditures; (ii) limit its growth; (iii) seek additional debt financing or equity capital; (iv) forego opportunities, such as the acquisition of other businesses; (v) sell its assets; or (vi) restructure or refinance its debt at favourable terms. The Group



may not be able to undertake these actions on favourable terms or at all, and the cost of any such capital and funding may be significant.

#### **Risks relating to the Shares, the Offering and the Shareholder structure**

*Prior to the Offering, the Company operated as a private company and therefore, it has no experience operating as a public company and complying with public company obligations. Complying with these requirements will increase costs, require additional management resources and qualified accounting and financial personnel, and the Company may fail to meet one or more of these obligations.*

The Company will face increased legal, accounting, administrative and other costs and expenses as a public company. Compliance with the NFSA and the rules promulgated thereunder, as well as the Dutch Corporate Governance Code, for example, will result in significant initial cost to the Company as well as ongoing increases in its legal, audit and financial compliance costs. The management board, senior management and other personnel need to devote a substantial amount of time to these compliance initiatives. Implementing any appropriate changes to its internal controls may require specific compliance training for its directors, officers and employees, entail substantial costs to modify its existing accounting systems, and take a significant period of time to complete. Such changes may not, however, be effective in maintaining the adequacy of the Company's internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements or other reports on a timely basis, could increase the Company's operating costs and could materially impair the Company's ability to operate its business, as well as result in a loss of investor confidence and a decline in the price of the Shares.

*Following the Offering, the Company's largest shareholder will be in a position to exert substantial influence on the Group and the interests pursued by such shareholder could differ from the interests of the Company's other shareholders.*

The Selling Shareholder, the Company's major shareholder prior to the Offering, will continue to be the Company's largest shareholder and will hold approximately 64% of the Company's issued and outstanding share capital following the Offering (assuming full exercise of the Over-Allotment Option). As a result, the Selling Shareholder will, either alone or acting in concert, due to its large shareholding, be in a position to exert substantial influence over the general meeting of the Company, being the corporate body, or where the context so requires, the physical meeting of shareholders (the "**General Meeting**") and, consequently, on matters decided by the General Meeting, including the appointment and dismissal of members of the supervisory board of the Company (the "**Supervisory Board**", each member a "**Supervisory Director**") and the management board of the Company (the "**Management Board**", each member a "**Managing Director**"), the distribution of dividends, the amendment of the articles of association of the Company as they will read after the Settlement Date (the "**Articles of Association**") or any proposed capital increase. In addition, one member of the Supervisory Board holds a position within the corporate group of the Selling Shareholder. See 'Major shareholders and related party transactions' for a description of certain arrangements regarding the relationship between the Company and the Selling Shareholder.

Furthermore, the Selling Shareholder will, in the case of a majority of more than half of the votes cast ("**Simple Majority**") of votes being required, have sufficient votes to block or pass measures at a particular General Meeting without the concurrence of the Company's other shareholders (the "**Shareholders**"). This applies if the Selling Shareholder retains 50% of the Shares or more, and also if the Selling Shareholder retains a lower percentage but more than the combined shareholdings of the Shareholders attending a General Meeting. Furthermore, it might, depending on the level of attendance of other Shareholders at the General Meeting, also have sufficient votes to block or pass measures at a particular General Meeting without the concurrence of other shareholders if a qualified majority of votes is required. In any of the above instances, the interests of the Selling Shareholder could deviate from the interests of the other Shareholders. As the Company's major shareholder, the Selling Shareholder may be able to make certain key decisions without the support of any other Shareholder. Also, the Selling Shareholder may delay, postpone or prevent transactions that might be advantageous for investors.

*The payment of future dividends will depend on the Group's financial condition and results of operations, as well as on the Group's operating subsidiaries' distributions to the Company.*

According to Dutch law, any distribution of dividends will take place after the adoption of the annual accounts by the General Meeting which show that the distribution is allowed. The Company may only make distributions to its Shareholders insofar as the Company's equity exceeds the sum of

the paid-in and called-up share capital increased by the reserves as required to be maintained by Dutch law or by the Articles of Association. The Management Board determines whether the Company is able to make the distributions. Because the Company is a holding company that conducts its operational business mainly through its subsidiaries, the Company's ability to pay dividends depends directly on the Company's operating subsidiaries' distributions to the Company and their financial performance. The amount and timing of such distributions will also depend on the laws of the operating companies' respective jurisdictions. The distribution by the Company of interim dividend and the distribution of dividend in the form of Shares is subject to the prior approval of the Supervisory Board. Any of these factors, individually or in combination, could restrict the Company's ability to pay dividends.

To illustrate the risk in relation to payment of dividends, if the investments in the facilities of the Group in Roermond and the Maasvlakte 2 significantly exceed current estimations, the Management Board may designate a dividend to be paid out that is lower than anticipated.

***Future sales or the possibility of future sales of a substantial number of Shares by the Selling Shareholder may materially and adversely affect the market price of the Shares.***

Following the completion of the Offering, the Selling Shareholder will continue to be the Company's largest shareholder and will hold approximately 64% of its issued and outstanding share capital following the Offering (assuming full exercise of the Over-Allotment Option). After the expiration of the applicable lock-up period of 180 days for the Selling Shareholder after the Settlement Date, or earlier if the Underwriters waive the lock-up, which they may do at any time and with full discretion, the Selling Shareholder may sell substantial numbers of their Shares in the public market. This may adversely affect the market price of the Shares. In addition, such sales could make it more difficult for the Company to raise capital through the issuance of equity securities in the future due to an increase in the supply of Shares on the market. For more information on the Selling Shareholder's lock-up, please see 'Plan of distribution – Lock-up arrangements'.

***Future offerings of debt or equity securities by the Company may materially and adversely affect the market price of the Shares and may dilute investors' shareholdings.***

The Management Board has, subject to the approval of the Supervisory Board, the authority to issue Shares for a period of 18 months following the Settlement Date and to limit or exclude the pre-emptive rights pertaining to such Shares. Pursuant to this designation, the Management Board may resolve to issue Shares up to a maximum of 10% of the number of Shares issued as of the Settlement Date, and to limit or exclude pre-emptive rights in relation thereto.

The Company may in the future seek to raise capital through public or private debt or equity financings by issuing additional Shares, debt or equity securities convertible into Shares or rights to acquire these securities and exclude the pre-emptive rights pertaining to the then outstanding Shares. In addition, the Company may in the future seek to issue additional Shares as consideration for or otherwise in connection with the acquisition of new businesses, share incentive or share option plans. The issuance of any additional Shares may dilute an investor's shareholding interest in the Company. Furthermore, any additional debt or equity financing the Company may need may not be available on terms favourable to the Company or at all, which could materially and adversely affect the Company's future plans and the market price of the Shares. Any additional offering or issuance of Shares by the Company, or the perception that an offering or issuance may occur, could also have a negative impact on the market price of the Shares and could increase the volatility in the market price of the Shares. In relation to various types of equity transactions, a lock-up applies to the Company, prohibiting such equity transaction within 360 days after Settlement. However, the Underwriters have full discretion to waive the lock-up at any time. For more information on the Company's lock-up, please see 'Plan of distribution – Lock-up arrangements'.

***Shareholders outside the Netherlands may not be able to exercise pre-emptive rights in future offerings.***

In the event of an increase in the Company's share capital, Shareholders are generally entitled to full pre-emptive rights unless these rights are excluded either by virtue of Dutch law or by a resolution of the General Meeting. However, certain holders of Shares outside the Netherlands may not be able to exercise pre-emptive rights unless local securities laws have been complied with.

In particular, holders of Shares in certain other countries, including the United States, may not be able to exercise their pre-emptive rights or participate in a rights offer, as the case may be, unless the Company complies with local requirements, or in the case of the United States, unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the



registration requirements is available. In such cases, Shareholders resident in such non-Dutch jurisdictions may experience a dilution of their holding of Shares, possibly without such dilution being offset by any compensation received in exchange for subscription rights. The Company intends to evaluate at the time of any issue of Shares subject to pre-emptive rights or in a rights offer, as the case may be, the costs and potential liabilities associated with compliance with any such local laws or any such registration statement, as well as the indirect benefits to it of enabling the exercise of such holders of their pre-emptive rights to Shares or participation in a rights offer, as the case may be, and any other factors considered appropriate at the time and then to make a decision as to whether to comply with such local laws or file a registration statement. The Company cannot assure investors that any registration statement would be filed as to enable the exercise of such holders' pre-emptive rights or participation in a rights offer.

***The Shares have not been publicly traded, and there is no guarantee that an active and liquid market for the Shares will develop.***

Prior to the Offering, there has been no public trading market for the Shares. An active trading market for the Shares might not develop after the Offering or, if it does develop, might not be sustained or liquid. If such market fails to develop or be sustained, this could materially and adversely affect the liquidity and price of the Shares, as well as increase their price volatility. In addition, an illiquid market for the Shares may result in lower market prices and increased volatility, which could materially and adversely affect the value of an investment in the Shares.

***If securities or industry analysts do not publish research, or publish inaccurate or unfavourable research, about the Company's business, the price of the Shares and the trading volume could decline.***

The trading market for the Shares will depend in part on the research and reports that securities or industry analysts publish about the Company and its business. If too few securities or industry analysts commence coverage of the Company, the trading price for the Shares would likely be materially and adversely affected. In the event securities or industry analysts initiate coverage, if one or more of the analysts who cover the Company downgrade the Shares or publish inaccurate or unfavourable research about the business, the price of the Shares would likely decline. If one or more of these analysts cease coverage of the Company or fail to publish reports on it regularly, demand for the Shares could decrease, which might cause the price of the Shares and trading volume to decline.

***The Company's Share price may fluctuate significantly, and investors could lose all or part of their investment.***

The Offer Price may not be indicative for the market price of the Shares after the Offering has been completed. The market price of the Shares could also fluctuate substantially due to various factors, some of which could be specific to the Group and its operations and some of which could be related to the industry in which the Group operates or equity markets generally. As a result of these and other factors, the Shares may trade at prices significantly below the Offer Price. The Company cannot assure that the market price of the Shares will not decline, and the Shares may trade at prices significantly below the Offer Price, regardless of the Group's actual operating performance.

***If closing of the Offering does not take place, purchases of the Offer Shares will be disregarded and transactions effected in the Offer Shares will be annulled.***

Application has been made to list the Offer Shares on Euronext Amsterdam under the symbol "SIFG". The Company expects that the Offer Shares will be admitted to listing and that trading in the Offer Shares will commence prior to the Settlement Date on the First Trading Date on an "as-if-and-when-issued" basis. The closing of the Offering may not take place on the Settlement Date or at all, if certain conditions or events referred to in the Underwriting Agreement are not satisfied or waived or do not occur on or prior to such date (see 'Plan of distribution'). Trading in the Offer Shares before the closing of the Offering will take place subject to the condition that, if closing of the Offering does not take place, the Offering will be withdrawn, all applications for the Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any application payments made will be returned without interest or other compensation and transactions on Euronext Amsterdam will be annulled. All dealings in the Offer Shares prior to settlement and delivery are at the sole risk of the parties concerned. The Company, the Selling Shareholder, the Underwriters, the Listing and Paying Agent and Euronext do not accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transaction on Euronext Amsterdam.

***The Company is a holding company and has limited assets and limited ability to generate revenue. The Company will depend on its subsidiaries to provide it with funds to meet its obligations or distribute dividends.***

The Company is a holding company and has no material, direct business operations. The principal assets of the Company are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Company is dependent on loans, dividends and other payments from these subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of dividends. The payment of dividends and the making of loans and advances to the Company by its subsidiaries are subject to various restrictions. Debt instruments of the Company and its subsidiaries (including any future working capital facility) may prohibit the payment of dividends or the making of loans or advances to the Company by subsidiaries in certain situations. The Company cannot provide any assurances that its arrangements with its subsidiaries and the funding permitted by the agreements governing existing and future indebtedness of the Company's subsidiaries will provide the Company with sufficient dividends, distributions or loans to fund payments on its indebtedness. The ability of the Company's subsidiaries to make distributions and other payments to the Company depends on their earnings and may be subject to contractual or statutory limitations, or the legal requirement of having distributable profits or distributable reserves. As an equity investor in its subsidiaries, the Company's right to receive assets upon their liquidation or reorganisation will be effectively subordinated to the claims of their creditors. To the extent that the Company is recognised as a creditor of subsidiaries, the Company's claims may still be subordinated to any security interest in or other lien on their assets and to any of their debt or other (lease) obligations that are senior to the Company's claims.

***Investors with a reference currency other than the euro will become subject to certain foreign exchange risks when investing in the Shares.***

The Company's equity capital is denominated in euro, and all dividends on the Shares will be paid by the Company in euro. Investors whose reference currency is a currency other than the euro may be adversely affected by any reduction in the value of euro relative to the respective investor's reference currency. In addition, such investors could incur additional transaction costs in converting euro into another currency. Investors whose reference currency is a currency other than the euro are therefore urged to consult their financial advisers.

***Exchange rate fluctuations may materially and adversely affect the Group's revenue, profit and financial condition.***

The Group's revenue and costs are denominated almost entirely in euro. However, this may change in the future as the Group accesses other markets with currencies other than euro, as a result of which currency fluctuations could lead to potential exposures on costs and equity. Fluctuating foreign exchange rates can have an effect on the results of the Group with respect to operating costs as well as costs of conversion projects which, to the extent not successfully mitigated by the Group's hedging policy, could in turn have a material adverse effect on the Group's, results of operations. The Group may not be able to manage these currency risks adequately through the use of hedging instruments or appropriate hedging instruments may not be available.

### 3. IMPORTANT INFORMATION

#### General

Prospective investors are expressly advised that an investment in the Offer Shares entails certain risks and that they should therefore read and carefully review the content of this Document. A prospective investor should not invest in the Offer Shares unless it has the expertise (either alone or with a financial adviser) to evaluate how the Shares will perform under changing conditions, the resulting effects on the value of the Shares and the impact this investment will have on its overall investment portfolio. Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Shares.

The content of this Document is not to be considered or interpreted as legal, financial or tax advice. It is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the members of its Supervisory Board and Management Board, the Selling Shareholder or any of the Underwriters or any of their respective representatives that any recipient of this Document should subscribe for or purchase any Offer Shares. Prior to making any decision whether to purchase the Offer Shares, prospective investors should read this Document. Investors should ensure that they read the whole of this Document and not just rely on key information or information summarised within it. Each prospective investor should consult his or her own stockbroker, bank manager, lawyer, auditor or other financial, legal or tax advisers before making any investment decision with regard to the Offer Shares, to among other things consider such investment decision in light of his or her personal circumstances and in order to determine whether or not such prospective investor is eligible to subscribe for the Offer Shares. In making an investment decision, prospective investors must rely on their own examination of the Company, the Offer Shares and the terms of the Offering, including the merits and risks involved.

Prospective investors should rely only on the information contained in this Document, the Pricing Statement and any supplement to this Document within the meaning of Section 5:23 NFSA. The Company does not undertake to update this Document, unless required pursuant to Section 5:23 NFSA, and therefore potential investors should not assume that the information in this Document is accurate as of any date other than the date of this Document. No person is or has been authorised to give any information or to make any representation in connection with the Offering, other than as contained in this Document, and, if given or made, any other such information or representations must not be relied upon as having been authorised by the Company, the members of the Management Board or Supervisory Board, the Selling Shareholder, any of the Underwriters, the Listing and Paying Agent or any of their respective representatives. The delivery of this Document at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in the Group's affairs since the date hereof or that the information set forth in this Document is correct as of any time since its date.

No representation or warranty, express or implied, is made or given by the Underwriters, the Listing and Paying Agent or any of their affiliates or any of their respective directors, officers or employees or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in this Document, or incorporated by reference herein, and nothing in this Document, or incorporated by reference herein, is, or shall be relied upon as, a promise or representation by the Underwriters, the Listing and Paying Agent or any of their respective affiliates as to the past or future. None of the Underwriters or the Listing and Paying Agent accepts any responsibility whatsoever for the contents of this Document or for any other statements made or purported to be made by either itself or on its behalf in connection with the Company, the Group, the Offering or the Shares. Accordingly, the Underwriters and the Listing and Paying Agent disclaim, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of this Document and/or any such statement.

Although the Underwriters are party to various agreements pertaining to the Offering and each of the Underwriters has or might enter into a financing arrangement with the Company or any of their affiliates, this should not be considered as a recommendation by any of them to invest in the Offer Shares.

The distribution of this Document and the Offering may, in certain jurisdictions, be restricted by law, and this Document may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. This Document does not constitute an offer of, or an invitation to, purchase any Offer Shares in any jurisdiction in which such

offer or invitation would be unlawful. The Company and the Underwriters require persons into whose possession this Document comes to inform themselves of and observe all such restrictions. None of the Company or the Underwriters, in any of their respective capacities in connection with the Offering, accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of Offer Shares, of any such restrictions. The Company and the Underwriters reserve the right in their own absolute discretion to reject any offer to purchase Offer Shares that the Company, the Underwriters or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations.

### **Responsibility statement**

This Document is made available by the Company. The Company accepts responsibility for the information contained in this Document. The Company declares that it has taken all reasonable care to ensure that, to the best of its knowledge, the information contained in this Document is in accordance with the facts and contains no omission likely to affect its import.

### **Potential conflict of interest**

Certain of the Underwriters and/or their respective affiliates have in the past engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company and/or the Selling Shareholder or any parties related to any of them, in respect of which they have and may in the future, receive customary fees and commissions. ING Bank and Coöperatieve Rabobank U.A. (in each case, directly or through an affiliate) have entered into arrangements to act as lenders to the Company under existing facilities agreements, in respect of which they have in the past and may in the future receive fees and commissions (see ‘Business – Banking facilities and loans’). Additionally, the Underwriters and/or their respective affiliates may have held and in the future may hold, in the ordinary course of their business, securities of the Company, the Selling Shareholder and/or their respective affiliates for investment purposes. In respect hereof, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures and by rules and regulations. As a result of these transactions, these parties may have interests that may not be aligned, or could potentially conflict, with the interests of (potential) holders of the Offer Shares, or with the Company’s interests.

In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Document to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than pursuant to any legal or regulatory obligation to do so. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares.

### **Presentation of financial information**

#### ***Historical Financial Information***

This Document contains the audited consolidated financial information of the S.I.F. Beheer B.V. as at and for the years ended 31 December 2014, 2013 and 2012, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (“**IFRS**”) (the “**Financial Statements**”). The consolidated financial statements of the Group for the years ended 31 December 2014, 2013 and 2012 have been audited by Ernst & Young Accountants LLP (“**EY**”), independent auditors.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

Furthermore, this Document contains the unaudited interim consolidated financial information of the Group as at and for the nine months ended 30 September 2015 and 2014, prepared in accordance with IFRS. The unaudited interim consolidated financial information of the Group as at and for the nine months ended 30 September 2015 have been prepared in accordance with IAS 34 (as adopted by the European Union) and have been reviewed by EY, independent auditors.

Financial information that the Group and Selling Shareholder previously filed with the Dutch Chamber of Commerce differ from the financial information included herein due to the retrospective application of changes in accounting policies (historically, the Group's and Selling Shareholder's financial statements were prepared in accordance with Dutch GAAP) in accordance with IFRS.

### ***Non-IFRS Financial Measures***

The Group uses certain non-IFRS financial measures, including, amongst others, cost of sales, contribution and gross profit as financial measures. These measures follow arithmetically from the line items that are stated in accordance with IFRS: cost of sales as the sum of raw materials, subcontracted work & other external charges and logistic & other project related expenses, contribution as revenue net of cost of sales, and gross profit as contribution minus direct personal expenses and production & general manufacturing expenses.

Furthermore, the Group makes use of the following financial measures:

- **EBITDA:** EBITDA is defined as operating profit whereby the depreciation & amortisation are added back. EBITDA is not a measure of liquidity or performance calculated in accordance with IFRS and should be viewed as a supplement, not a substitute for, the Group's results of operations presented in accordance with IFRS.
- **Cash Conversion:** Cash Conversion is calculated as free cash flow divided by EBITDA, whereby free cash flow is defined as EBITDA minus income tax charges minus the change in provisions minus capital expenditures. Provisions consists of provisions for guarantee, jubilee, maintenance and deferred taxes. Cash Conversion is not a term defined under IFRS and may not be comparable with similarly titled measures reported by other companies.
- **Gross Debt:** Gross debt is the outstanding debt under the existing credit facilities.
- **Fixed Charge Cover Ratio:** Fixed Charge Cover Ratio is calculated as free cash flow divided by financing charges. The financing charges consist of the net financing costs plus any debt repayments.
- **Solvency:** Solvency is calculated as total equity and any subordinated loans divided by the total assets.
- **ROCE:** ROCE is the abbreviation of return on capital employed and equals EBIT divided by capital employed. EBIT equals the operating profit and capital employed is calculated as total equity plus loans and borrowings.

In addition, the Group makes use of contribution per ton, gross profit per ton and tonnage as key performance indicators (“KPIs”) in order to measure its performance. For more information on these KPIs, see ‘Operational and Financial Review – Key Performance Indicators’.

The non-IFRS financial measures in this Document have not been audited or reviewed, and are not recognised measures of financial performance under IFRS, but are measures used by the Management Board to monitor the underlying performance of the business and operations. They may not be indicative of historical operating results, nor are they meant to be predictive of future results. The non-IFRS financial measures presented in this Document are considered by the Management Board to be important supplemental measures of performance and the Management Board believes that they are widely used in the Group's industry as a means of evaluating a company's operating performance. However, not all companies calculate these non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies under the same or similar names. Accordingly, no undue reliance should be placed on the non-IFRS financial measures contained in this Document and they should not be considered as a substitute for operating profit, profit for the year, cash flow, expenses or other financial measures computed in accordance with IFRS.

### **Rounding and negative amounts**

Certain figures contained in this Document have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or a row in tables contained in this Document may not conform exactly to the total figure given for that column or row.

In tables, negative amounts are shown between brackets. Otherwise, negative amounts may also be shown by “-” or negative before the amount.



## Currency

Unless otherwise indicated, all references in this Document to “EUR”, “euro”, “€”, “Euro” or “cents” are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the treaty establishing the European Community, as amended. All references to “\$”, “U.S. \$” or “U.S. dollars” are to the lawful currency of the United States.

## Exchange rates

The following tables set forth the high, low, average and period end Bloomberg Composite Rate expressed in U.S. dollars per euro. The Bloomberg Composite Rate is a best market calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate.

Year (U.S. dollar per euro)	High	Low	Average Rate <sup>(1)</sup>	Period End
2010	1.4510	1.1952	1.3266	1.3366
2011	1.4874	1.2925	1.3922	1.2960
2012	1.3463	1.2053	1.2859	1.3197
2013	1.3802	1.2780	1.3285	1.3743
2014	1.3934	1.2098	1.3285	1.2098
2015	1.2104	1.0946	1.1102	1.0862

(1) The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year.

Month (U.S. dollar per euro)	High	Low	Average Rate <sup>(1)</sup>	Period End
August 2015	1.1619	1.0881	1.1138	1.1211
September 2015	1.1435	1.1120	1.1237	1.1177
October 2015	1.1474	1.0923	1.1220	1.1006
November 2015	1.1016	1.0565	1.0742	1.0565
December 2015	1.1025	1.0615	1.0899	1.0899
January 2016 (through January 22)	1.0932	1.0748	1.0863	1.0796

(1) The average rate for a month or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

The Bloomberg composite rate on 22 January 2016 was \$1.0796 per euro.

## Market data and other information from third parties

This Document contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to our business and markets. Unless otherwise indicated, such information is based on our analysis of multiple sources, including a market study the Group commissioned from Roland Berger Strategy Consultants B.V. (“**Roland Berger**”) dated 17 April 2015 (the “**Roland Berger Report**”) and information obtained from reports of the European Wind Energy Association (“**EWEA**”), MAKE Consulting (“**MAKE**”) and Bloomberg New Energy Finance (“**BNEF**”) that are publicly available. Furthermore, the Group uses available information from <http://www.4coffshore.com> for details on the offshore wind projects in which the Group is involved, as indicated under ‘Business – Customers’. The information contained in, or accessible through, this website is not incorporated by reference into this document and should not be considered a part of this document. Such information has been accurately reproduced, and, as far as the Group is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information provided inaccurate or misleading.

The Group understands from Roland Berger that the Roland Berger Report includes *a commercial due diligence conducted over a period of six weeks in February and March 2015*, and is based on internal financial and operational information supplied by, or on behalf of, the Group, as well as information obtained from (i) *interviews of market participants (e.g. associations, customers, competitors, market experts)*; and (ii) publicly available information from other sources, e.g. market

data and information publicly released by its competitors. The Roland Berger Report has not been prepared in view of the Listing or this Prospectus.

Industry publications and market studies generally state that their information is obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Where third-party information has been sourced in this Document, the source of such information has been identified.

In this Document, the Group makes certain statements regarding its competitive and market position. The Group believe these statements to be true, based on market data and industry statistics, but it has not independently verified the information. The Group cannot guarantee that a third party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Group's competitors may define their markets and their own relative positions in these markets differently than the Group does and may also define various components of their business and operating results in a manner which makes such figures non-comparable with the Group's figures.

#### **Consent**

The statements made based on Roland Berger Report are included, in the form and context in which they are included, with the consent of Roland Berger. Roland Berger's business address is at Strawinskylaan 581, 1077 XX Amsterdam, The Netherlands. The services of Roland Berger cover the entire range of management consulting from strategic advice to successful implementation.

#### **Important notices**

**EXCEPT AS OTHERWISE SET OUT IN THIS DOCUMENT, THE OFFERING DESCRIBED IN THIS DOCUMENT. IS NOT BEING MADE TO INVESTORS IN THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN, AND THIS DOCUMENT. SHOULD NOT BE FORWARDED OR TRANSMITTED IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN.**

The Shares may not be a suitable investment for all investors. Each prospective investor in the Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor (either alone or with a financial adviser) should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Shares, the merits and risks of investing in the Shares and the information contained or incorporated by reference in this Document, including the financial risks and other risks described under 'Risk Factors'.
- have the expertise to evaluate how the Shares will perform under changing conditions, the resulting effects on the value of the Shares and the impact this investment will have on the prospective investor's overall investment portfolio.

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer for, resale, pledge or other transfer of the Shares. This Document does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire Offer Shares in any jurisdiction in which such an offer or solicitation is unlawful or would result in the Company becoming subject to public company reporting obligations outside the Netherlands.

The distribution of this Document, and the offer or sale of Offer Shares is restricted by law in certain jurisdictions. This Document may only be used where it is legal to offer, solicit offers to purchase or sell Offer Shares. Persons who obtain this Document must inform themselves about and observe all such restrictions. None of the Company or the Underwriters, in any of their respective capacities in connection with the Offering, accepts any legal responsibility for any violation by any person, whether or not a prospective purchaser of Offer Shares, of any such restrictions. The Company and the Underwriters reserve the right in their own absolute discretion to reject any offer to purchase Offer Shares that the Company, the Underwriters or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations.

No action has been or will be taken to permit a public offer or sale of Offer Shares, or the possession or distribution of this Document or any other material in relation to the Offering in any jurisdiction outside the Netherlands where action may be required for such purpose. Accordingly, neither this Document nor any advertisement or any other related material may be distributed or

published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

Shareholders who have a registered address in, or who are resident or located in, a jurisdiction other than the Netherlands and any person (including, without limitation, agents, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this Document to a jurisdiction outside the Netherlands should read ‘Selling Restrictions’.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES**

The Offer Shares have not been, and will not be, registered under the Securities Act or under any applicable laws or regulations of any state of the United States, and, subject to certain exemptions, may not be offered or sold, directly or indirectly, within the United States except to persons reasonably believed to be qualified institutional buyers (“**QIBs**”) as defined in Rule 144A under the Securities Act (“**Rule 144A**”) in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the Securities Act and the applicable securities laws of any state or jurisdiction of the United States. The Offer Shares are being offered and sold: (i) within the United States, only to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from the registration requirements the Securities Act, and (ii) outside the United States, in “offshore transactions” in reliance on Regulation S. Transfers of the Shares will be restricted and each purchaser of the Shares will be deemed to have made acknowledgments, representations and agreements, as described in ‘Selling Restrictions’.

The Shares offered hereby have not been recommended by any U.S. Federal or State Securities Commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon or endorsed the merits of the Offering of the rights or the Shares or confirmed the accuracy or determined the adequacy of this Document. Any representation to the contrary is a criminal offence in the United States.

#### **Available Information**

For so long as any Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. The Company is currently not subject to the periodic reporting requirements of the U.S. Exchange Act and expects to be exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b).

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM**

In the United Kingdom, this Document is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the “**Financial Promotion Order**”), (ii) are persons falling within article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of the Offer Shares may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”). This Document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Document relates is available only to relevant persons and will be engaged in only with relevant persons.

Furthermore, the Underwriters have warranted that they: (i) have only invited or will only invite participation in investment activities in connection with the Offering or the sale of the Offer Shares within the meaning of Section 21 of the Financial Services and Markets Act 2000 as amended (“**FSMA 2000**”), and have only initiated or will only initiate such investment activities to the extent that Section 21(1) of the FSMA 2000 does not apply to the Company; and (ii) have complied and will comply with all applicable provisions of FSMA 2000 with respect to all activities already

undertaken by each of them or will undertake in the future in relation to the shares in, from, or otherwise involving the United Kingdom.

## **NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA**

In relation to each state which is a party to the agreement relating to the member states of the European Economic Area (“EEA”) and which has implemented the Prospectus Directive (a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, an offer to the public of any Offer Shares which are the subject of the Offering contemplated by this Document may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State, all in accordance with the Prospectus Directive, except that an offer to the public in that Relevant Member State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Global Coordinators; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Offer Shares shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Offer Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Offer Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale. The Company, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

For the purposes of this provision, the expression an “offer to the public” in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Offer Shares to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC as amended, including Directive 2010/73/EU, and includes any relevant implementing measure in each Relevant Member State.

## **Forward-looking statements**

This Document contains certain statements that are forward-looking statements with respect to the Group’s financial condition, results of operations and/or business achievements, including, without limitation, statements containing the words “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “forecast”, “guidance”, “intend”, “may”, “plan”, “potential”, “predict”, “projected”, “should”, “suggests”, “targets”, “will” or “would” and similar expressions or, in each case, their negative or other variations or comparable terminology. In particular, this Document contains forward-looking statements under the following headings: ‘Risk factors’, ‘Dividend policy’, ‘Operating and financial review’, ‘Industry’ and ‘Business’, which are based on the Group’s current beliefs and projections and on information currently available to the Group. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Document and include statements regarding the Group’s intentions, beliefs or current expectations concerning, among other things, its results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group operates.

Investors are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this Document. In addition, even if the Group's results of operations, financial condition and liquidity, and the development of the industry in which it operates are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements involve unknown risks, uncertainties and other factors which may cause the Group's actual results, financial condition, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed described under 'Risk factors'. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. The Group and the Underwriters disclaim any obligation to update any such forward-looking statements in this Document to reflect future events or developments.

### **Enforceability of judgments**

The ability of Shareholders in certain countries other than the Netherlands, in particular in the United States, to bring an action against the Company may be limited under law. The Company is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands and has its statutory seat (*statutaire zetel*) in Roermond, the Netherlands.

All of the members of the Management Board and Supervisory Board are resident of countries other than the United States. All or a substantial proportion of the assets of these individuals are located outside the United States. The Company's assets are predominantly located outside the United States. As a result, it may not be possible or it may be difficult for investors to effect service of process within the United States upon the Company or such persons, or to enforce against them in U.S. courts a judgment obtained in such courts, including judgments predicated on the civil liability provisions of U.S. Federal securities laws or the securities laws of any state or territory within the United States.

The United States and the Netherlands do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a judgment rendered by a court in the United States will not be recognised and enforced by the Dutch courts. However, if a person has obtained a final and conclusive judgment for the payment of money rendered by a court in the United States that is enforceable in the United States and files his claim with the competent Dutch court, the Dutch court will generally give binding effect to such foreign judgment insofar as it finds that (i) the jurisdiction of the U.S. court has been based on a ground of jurisdiction that is generally acceptable according to international standards (ii) the judgment by the U.S. court was rendered in legal proceedings that comply with the standards of the proper administration of justice that includes sufficient safeguards (*behoorlijke rechtspleging*) (iii) the judgment by the U.S. court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies for acknowledgement in the Netherlands and except to the extent that the foreign judgment contravenes Dutch public policy (*openbare orde*).

### **Definitions**

This Document is published in English only. Definitions and terms used in this Document are defined in 'Definitions'.

### **Available information**

Copies of this Document, the Group's audited consolidated financial statements for the years ended 31 December 2014, 2013 and 2012, the Group's condensed consolidated interim financial statements as at and for the nine months ended 30 September 2015 and the Articles of Association may be obtained free of charge for a period of twelve months following the date of this Document by sending a request in writing to the Company at PO Box 522, 6040 AM Roermond.



**Documents incorporated by reference**

The Articles of Association (the Dutch version and an English translation thereof) are incorporated by reference in the Document. They are available free of charge via [www.sif-group.com](http://www.sif-group.com).

No other documents or information, including the content of our website (<http://www.sif-group.com>) or of websites accessible from hyperlinks on the Group's website, form part of, or are incorporated by reference into, this Document.

Any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Document to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Document.

#### **4. REASONS FOR THE OFFERING AND USE OF PROCEEDS**

##### **Reasons for the Offering**

The Company and the Selling Shareholder believe that the Offering is a logical next step in the development of the Group, and that the timing of the Offering is appropriate, given the Group's current profile and level of maturity. The Company expects that the Offering will increase the Group's business profile with investors, business partners, customers and employees, and is thereby expected to further enhance the Group's success. The Offering is also expected to provide the Group with additional financial flexibility and diversity through access to capital markets.

With respect to the Selling Shareholder, the Group has grown to become the largest asset in the portfolio of Egeria Capital B.V.'s ("Egeria"), the major shareholder in the Selling Shareholder. As such, the Offering is a logical step in terms of Egeria diversifying its portfolio. As of the date of this Document, Egeria intends to further sell down its stake in the Company over time, taking into account market conditions and with the view of an orderly and liquid aftermarket.

##### **Proceeds and expenses of the Offering**

The Company will not receive any proceeds from the Offering, the net proceeds of which will be received by the Selling Shareholder. The Company will incur approximately EUR 1.5 million in expenses, commissions and taxes relating to the Offering, which consists of primarily fees for advisors (legal, audit and other advisory fees).

The remainder of the fees (Underwriter fees and related legal fees), which are estimated to amount to EUR 4.1 million ((based on an Offer Price at the midpoint of the Offer Price Range and assuming the sale of the maximum number of Offer Shares by the Selling Shareholder and no exercise of the Over-Allotment Option that is to be granted by the Selling Shareholder in connection with the Offering), will be borne by the Selling Shareholder. In addition, approximately 35-45% of the Offering Reward for the Directors (as defined herein) will be borne by the Selling Shareholder (the exact amount is dependent on the enterprise value at the time of the Offering). The remaining part will be borne by the Company.

After deducting the aforementioned estimated costs, the Selling Shareholder expects to receive approximately EUR 115.6 million in net proceeds from the Offering (based on an Offer Price at the midpoint of the Offer Price Range and assuming the sale of the maximum number of Offer Shares by the Selling Shareholder and no exercise of the Over-Allotment Option that is to be granted by the Selling Shareholder in connection with the Offering).

## 5. DIVIDEND POLICY

### General

According to the Articles of Association, a dividend distribution can only be made to the extent that the Company's equity exceeds the amount of the paid up and called up part of its capital plus the reserves which must be maintained by law.

Distributions shall be made in proportion to the aggregate nominal value of the shares. The parties entitled to a distribution shall be the relevant shareholders, usufructuaries and pledgees, as the case may be, at a date to be determined by the Management Board for that purpose. This date shall not be earlier than the date on which the distribution was announced.

The profits shown in the Company's annual accounts in respect of a financial year shall be appropriated as follows, and in the following order of priority:

- The Management Board shall determine which part of the profits shall be added to the Company's reserves;
- If the Company's equity exceeds the amount of the paid up and called up part of its capital plus the reserves which must be maintained by law, a distribution of profits shall only be made after the adoption of the annual accounts that show that such distribution is allowed (subject to the Management Board having determined which part of the profits shall be added to the Company's reserves.
- Any remaining profits shall be at the disposal of the General Meeting for distribution to the shareholders.

Following adoption of the annual accounts and determination by the Management Board of the parts of the profits that shall be added to the Company's reserves, a distribution of profits may be made to the extent the Company's equity exceeds the amount of the paid up and called up part of its capital plus the reserves which must be maintained by law.

To the extent the Company's equity exceeds the amount of the paid up and called up part of its capital plus the reserves which must be maintained by law, the Management Board may resolve with the approval of the Supervisory Board to make interim distributions, provided that it appears from interim accounts to be prepared in accordance with Section 2:105(4) of the Dutch Civil Code (the "DCC").

A claim for payment of a distribution shall lapse after five years have expired after the distribution became payable. For the purpose of calculating the amount or allocation of any distribution, shares held by the Company in its own capital shall not be taken into account. No distribution shall be made to the Company in respect of shares held by it in its own capital.

The Group's Financing Facility Agreement (as defined herein) includes a dividend covenant, which states that dividends cannot be paid when a default is (i) outstanding or (ii) is triggered by the payment of dividend. For more information on the Group's financing arrangements, please see 'Operating and financial review – Banking facilities and loans'.

### Dividend history

The Company declared dividend the following dividend payments per share (adjusted to the current number of shares as a consequence of the change in share capital prior to the publication of this Document) for the years ended 31 December 2014, 2013 and 2012:

(Unaudited)	For the year ended 31 December		
	2014	2013	2012
<b>Dividend (EUR million)</b>	32.7	18.5	23.4
<b>Number of Shares on Listing Date</b>	25,501,356	25,501,356	25,501,356
<b>Dividends per Share (EUR)</b>	1.28	0.72	0.92

*Dividend under IFRS are accounted for in the year that the dividend is declared and approved by the AGM, rather than moment of pay-out (e.g. 2014 dividend of €32.7m is accounted for in the condensed consolidated financial statements as at and for the nine months ended 30 September 2015)*

**Dividend policy**

In relation to the year 2016 and beyond, the Company expects to pay an ordinary dividend in line with the Company's medium to long term financial performance and targets to increase dividends-per-Share over time. The Company envisages that, as a result of this policy, the ordinary dividend pay-out ratio will range between 25-40% of the Group's profit in any given year. The Company anticipates it will pay a dividend for 2016 in the first half of 2017, depending on the Company's profit in that year, the liquidity position and leverage at that time.

The Company's intentions in relation to dividends are subject to numerous assumptions, risks and uncertainties, many of which may be beyond the Company's control. Please see 'Risk factors – The payment of future dividends will depend on the Group's financial condition and results of operations, as well as on the Group's operating subsidiaries' distributions to the Company' and 'Important information – Forward-looking statements'.

**Dividend ranking of shares**

All of the Shares issued and outstanding on the day following the Settlement Date, including the Offer Shares, will rank equally and will be eligible for any profit or other payment that may be declared on the Shares.

**Manner and time of Dividend Payments**

A distribution shall be payable in such currency and on such date as determined by the Management Board. Any dividends that are paid to Shareholders through Euroclear Nederland will be automatically credited to the relevant Shareholders' accounts without the need for the Shareholders to present documentation proving their ownership of the Shares. Payment of dividends on the Shares in registered form (not held through Euroclear Nederland, but directly) will be made directly to the relevant Shareholder using the information contained in the Company's shareholders' register and records.

**Uncollected dividends**

A claim for any declared dividend and other distributions lapses five years after the date those dividends or distributions were released for payment. Any dividend or distribution that is not collected within this period will be considered to have been forfeited to the Company.

**Taxation of dividends**

Dividend payments are generally subject to withholding tax in the Netherlands at a rate of 15%. See 'Taxation – Taxation in the Netherlands – Withholding Tax' for a discussion on what constitutes a dividend for purposes of the application of Netherlands dividend withholding tax.

## 6. CAPITALISATION AND INDEBTEDNESS

### Capitalisation

The following table sets forth our capitalisation as of 30 November 2015.

	As of 30 November 2015
	<i>EUR</i> ( <i>MILLION</i> ) <i>unaudited</i>
<b>Total current debt</b>	—
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
<b>Total non-current debt</b>	<b>56.3</b>
Guaranteed	—
Secured <sup>(1)</sup>	<b>56.3</b>
Unguaranteed/unsecured	—
<b>Total debt<sup>(2)</sup></b>	<b>56.3</b>
Share capital	0.0 <sup>(3)</sup>
Additional paid-in capital	1.1
Legal reserve	—
Other reserves	30.7
<b>Total capitalisation</b>	<b>31.8</b>
<b>Total capitalisation and indebtedness</b>	<b>88.0</b>

(1) Secured assets include real estate, property, plant & equipment, inventory, shares of subsidiaries/participations & receivables.

(2) On 11 November 2015, the Group entered into a new facility agreement whereby the debt at the level of the selling shareholder was transferred to the Group by means of a debt pushdown. The debt pushdown has been effected by drawing debt from the new facilities by the Group of an amount equal to EUR 21.3 million. In addition, an outstanding balance on 11 November 2015 of EUR 2.6 million between the Group and the Selling Shareholder was due and has been settled. For more information, see 'Operating and Financial Review – Banking facilities and loans'.

(3) As of 30 November 2015, the Company's share capital was EUR 45,400.



## Indebtedness

The following unaudited table sets forth our indebtedness as of 30 November 2015.

	<b>As of 30 November 2015</b>
	<b>EUR</b>
	<b>(MILLION)</b>
	<i>unaudited</i>
Cash	28.0
Cash equivalents	—
Trading securities	—
<b>Liquidity</b>	<b>28.0</b>
<b>Current financial receivable</b>	—
Current Bank debt	—
Current portion of non-current debt	—
Other current financial debt	—
<b>Current financial debt</b>	—
<b>Net current financial funds</b>	—
Non-current bank loans <sup>(1)</sup>	56.3
Bonds issued	—
Other non-current loans	—
<b>Non-current financial indebtedness</b>	<b>56.3</b>
<b>Net financial indebtedness</b>	<b>28.2</b>

(1) Excluding amortisation of bank commission and legal fees in relation to the secured debt facility. On 11 November 2015, the Group entered into a new facility agreement whereby the debt at the level of the selling shareholder was transferred to the Group by means of a debt pushdown. The debt pushdown has been effected by drawing debt from the new facilities by the Group of an amount equal to EUR 21.3 million. In addition, an outstanding balance on 11 November 2015 of EUR 2.6 million between the Group and the Selling Shareholder was due and has been settled. For more information, see 'Operating and Financial Review – Banking facilities and loans'.

## 7. SELECTED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

The selected consolidated historical financial information of the Group shown in the tables below should be read in conjunction with the information contained in ‘Important information – Presentation of financial and other information’, ‘Capitalisation and indebtedness’, ‘Operating and financial review’, and the financial statements. The tables below contain selected unaudited interim consolidated financial information of the Group for the nine-month period ended 30 September 2015 which includes comparisons with the nine-month period ended 30 September 2014 and should be read in conjunction with the accompanying notes thereto and the auditor’s review report thereon, and selected audited consolidated financial information of the Group as at and for the fiscal year ended 31 December 2014, 31 December 2013 and 31 December 2012 which should be read in conjunction with the accompanying notes thereto and the auditor’s report thereon. The financial information has been prepared in accordance with IFRS, with the exception of certain non-IFRS financial measures as disclosed under ‘Important information – Non-IFRS measures’. Any reference to “Q3” in the below relates to nine months ended on 30 September of the relevant year.

<b>Selected consolidated income statement data (EUR 1,000)</b>	<b>Q3 2015 Reviewed</b>	<b>Q3 2014 Reviewed</b>	<b>FY 2014 Audited</b>	<b>FY2013 Audited</b>	<b>FY 2012 Audited</b>
<b>Total Revenue</b>	213,535	211,412	262,523	336,267	163,252
Raw materials	(73,774)	(92,342)	(99,096)	(128,497)	(71,055)
Subcontracted work & other external charges	(63,801)	(47,201)	(61,594)	(104,813)	(15,115)
Logistic & other project related expenses	(6,319)	(11,002)	(18,239)	(17,658)	(6,651)
<b>Cost of Sales</b>	<b>(143,894)</b>	<b>(150,545)</b>	<b>(178,929)</b>	<b>(250,968)</b>	<b>(92,821)</b>
<b>Contribution</b>	<b>69,641</b>	<b>60,867</b>	<b>83,594</b>	<b>85,299</b>	<b>70,431</b>
Direct personnel expenses	(14,995)	(13,867)	(19,835)	(26,017)	(23,215)
Production & general manufacturing expenses	(5,054)	(5,079)	(6,972)	(7,592)	(6,619)
<b>Gross Profit</b>	<b>49,592</b>	<b>41,920</b>	<b>56,788</b>	<b>51,690</b>	<b>40,597</b>
Indirect personnel expenses	(5,360)	(5,183)	(6,541)	(4,123)	(3,710)
Depreciation & impairment	(5,197)	(5,448)	(7,391)	(7,067)	(6,475)
Facilities, housing & maintenance	(1,277)	(1,262)	(1,820)	(1,746)	(1,277)
Selling expenses	(351)	(267)	(403)	(494)	(382)
General expenses	(3,285)	(1,451)	(2,106)	(1,791)	(1,792)
Other income / expenses	107	209	(176)	414	18
<b>Operating profit</b>	<b>34,229</b>	<b>28,519</b>	<b>38,350</b>	<b>36,883</b>	<b>26,979</b>
Finance income	68	40	90	37	220
Finance costs	(1,085)	(1,531)	(1,888)	(1,407)	(2,442)
<b>Net finance costs</b>	<b>(1,017)</b>	<b>(1,490)</b>	<b>(1,798)</b>	<b>(1,370)</b>	<b>(2,222)</b>
<b>Profit before tax</b>	<b>33,212</b>	<b>27,029</b>	<b>36,552</b>	<b>35,513</b>	<b>24,757</b>
Income tax expense	(7,501)	(6,389)	(8,557)	(8,917)	(5,905)
<b>Profit attributable to the shareholders</b>	<b>25,711</b>	<b>20,640</b>	<b>27,995</b>	<b>26,596</b>	<b>18,852</b>

<b>Selected consolidated statement of financial position data (EUR 1,000)</b>	<b>Q3 2015 Reviewed</b>	<b>Q3 2014 Reviewed</b>	<b>FY 2014 Audited</b>	<b>FY2013 Audited</b>	<b>FY 2012 Audited</b>
<b>Assets</b>					
Property, plant and equipment	49,374	45,223	44,198	43,569	48,522
Investment property	375	465	375	465	—
<b>Total non-current assets</b>	<b>49,749</b>	<b>45,688</b>	<b>44,573</b>	<b>44,034</b>	<b>48,522</b>
Inventories	252	258	288	212	118
Work in progress – amounts due from customers	34,678	19,333	17,829	32,964	22,856
Trade and other receivables	68,053	17,972	6,492	17,525	16,556
Receivable on shareholder	922	25,117	32,654	18,466	23,420
VAT receivables	8,391	—	—	—	—
Other financial assets	152	371	270	1,047	813
Prepayments	284	247	106	709	2,304
Cash and cash equivalents	13,724	39,662	24,993	35,959	2,058
<b>Total current assets</b>	<b>126,456</b>	<b>102,960</b>	<b>82,632</b>	<b>106,882</b>	<b>68,125</b>
<b>Total assets</b>	<b>176,205</b>	<b>148,648</b>	<b>127,205</b>	<b>150,916</b>	<b>116,647</b>
<b>Equity</b>					
Share capital	45	45	45	45	45
Additional paid-in capital	1,059	1,059	1,059	1,059	362
Retained earnings	21,718	26,377	26,376	18,247	22,815
Result for the period	25,711	20,640	27,996	26,596	18,852
<b>Total equity</b>	<b>48,533</b>	<b>48,121</b>	<b>55,476</b>	<b>45,947</b>	<b>42,074</b>
<b>Liabilities</b>					
Loans and borrowings	30,539	34,383	32,427	36,244	31,806
Other non-current financial liabilities	1,080	1,658	1,509	1,776	2,458
Employee benefits	194	221	230	215	164
Deferred tax liabilities	900	1,250	1,146	1,576	1,885
<b>Total non-current liabilities</b>	<b>32,713</b>	<b>37,512</b>	<b>35,312</b>	<b>39,811</b>	<b>36,313</b>
Bank overdrafts	—	—	—	13	66
Loans and borrowings	4,000	4,500	4,000	5,000	4,000
Trade payables	58,363	37,669	18,526	54,195	28,359
Work in progress – amounts due to customers	28,779	15,680	11,141	3,993	3,766
Employee benefits	625	871	916	1,194	845
Wage tax & social security	675	626	1,358	414	908
VAT payable	—	1,857	—	—	—
Other current liabilities	2,517	1,812	476	349	316
<b>Total current liabilities</b>	<b>94,959</b>	<b>63,015</b>	<b>36,417</b>	<b>65,158</b>	<b>38,260</b>
<b>Total liabilities</b>	<b>127,672</b>	<b>100,526</b>	<b>71,729</b>	<b>104,969</b>	<b>74,573</b>
<b>Total equity and liabilities</b>	<b>176,205</b>	<b>148,648</b>	<b>127,205</b>	<b>150,916</b>	<b>116,647</b>

<b>Selected consolidated cash flow data (EUR 1,000)</b>	<b>Q3 2015 Reviewed</b>	<b>Q3 2014 Reviewed</b>	<b>FY 2014 Audited</b>	<b>FY2013 Audited</b>	<b>FY 2012 Audited</b>
<b>Cash flows from operating activities</b>					
Profit before tax	33,212	27,029	36,552	35,513	24,757
Adjustments for:					
– Depreciation	5,197	5,448	7,315	7,067	6,475
– Net finance cost	1,017	1,491	1,798	1,370	2,222
– Impairment on investment property	—	—	76	—	—
– Changes in net working capital					
– Inventories	36	(46)	(76)	(94)	132
– Work in progress amounts due to and from cust.	789	25,318	22,283	(9,881)	(27,844)
– Trade receivables	(61,561)	(447)	11,033	(969)	25,705
– Prepayments	(178)	462	603	1,595	(1,717)
– Trade and other payables	39,837	(16,526)	(35,669)	25,836	4,822
	(21,077)	8,761	(1,826)	16,487	1,098
– VAT payable and receivable	(8,391)	1,857	—	—	—
– Other financial assets	118	675	777	(234)	(454)
– Employee benefits	(327)	(317)	(263)	400	189
– Wage tax and social security	(683)	212	944	(494)	561
– Other current liabilities	2,041	1,463	127	33	167
	(7,242)	3,890	1,585	(295)	463
Income taxes paid – by shareholder	(7,747)	(6,715)	(10,113)	(5,811)	(9,582)
Interest paid – by shareholder	(606)	(909)	(1,135)	(1,113)	(1,085)
Interest paid	(728)	(561)	(682)	(730)	(618)
<b>Net cash from operating activities</b>	<b>2,026</b>	<b>38,435</b>	<b>33,570</b>	<b>52,488</b>	<b>23,730</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant and equipment	—	—	—	67	—
Purchase of property, plant and equipment	(10,373)	(7,102)	(7,930)	(2,171)	(10,990)
Purchase of investment property	—	—	—	(475)	—
Current account with shareholder	(921)	(25,116)	(31,593)	(21,937)	(19,662)
<b>Net cash from (used in) investing activities</b>	<b>(11,294)</b>	<b>(32,218)</b>	<b>(39,523)</b>	<b>(24,516)</b>	<b>(30,652)</b>
<b>Cash flows from financing activities</b>					
Proceeds from net borrowings	—	—	—	8,982	—
Repayment of borrowings	(2,000)	(2,500)	(5,000)	(3,000)	(6,982)
<b>Net cash from (used in) financing activities</b>	<b>(2,000)</b>	<b>(2,500)</b>	<b>(5,000)</b>	<b>5,982</b>	<b>(6,982)</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(11,269)</b>	<b>3,716</b>	<b>(10,953)</b>	<b>33,954</b>	<b>(13,904)</b>

<b>Selected other financial data</b> <b>EUR 1,000</b>	<b>Q3 2015</b> <b>Reviewed</b>	<b>Q3 2014</b> <b>Reviewed</b>	<b>FY 2014</b> <b>Audited</b>	<b>FY2013</b> <b>Audited</b>	<b>FY 2012</b> <b>Audited</b>
<b>Total Revenue</b>	<b>213,535</b>	<b>211,412</b>	<b>262,523</b>	<b>336,267</b>	<b>163,252</b>
Raw materials	(73,774)	(92,342)	(99,096)	(128,497)	(71,055)
Subcontracted work & other external charges	(63,801)	(47,201)	(61,594)	(104,813)	(15,115)
Logistic & other project related expenses	(6,319)	(11,002)	(18,239)	(17,658)	(6,651)
<b>Cost of Sales</b>	<b>(143,894)</b>	<b>(150,545)</b>	<b>(178,929)</b>	<b>(250,968)</b>	<b>(92,821)</b>
<b>Contribution<sup>1</sup></b>	<b>69,641</b>	<b>60,867</b>	<b>83,594</b>	<b>85,299</b>	<b>70,431</b>
Direct personnel expenses	(14,995)	(13,867)	(19,835)	(26,017)	(23,215)
Production & general manufacturing expenses	(5,054)	(5,079)	(6,972)	(7,592)	(6,619)
<b>Gross Profit<sup>2</sup></b>	<b>49,592</b>	<b>41,921</b>	<b>56,788</b>	<b>51,690</b>	<b>40,597</b>
<b>EBITDA<sup>3</sup></b>	<b>39,426</b>	<b>33,967</b>	<b>45,741</b>	<b>43,950</b>	<b>33,454</b>
EBITDA <sup>3</sup> / Contribution	57%	56%	55%	52%	47%
<b>Profit attributable to shareholders</b>	<b>25,711</b>	<b>20,640</b>	<b>27,995</b>	<b>26,596</b>	<b>18,852</b>
Cash Conversion <sup>4</sup> – bank covenants	53%	58%	62%	74%	50%
Dividend Paid Out	32,654	18,466	18,466	23,420	36,572
Gross Debt <sup>5</sup>	34,539	38,883	36,427	41,244	35,806
<b>Gross Debt / EBITDA</b>	<b>0.7</b>	<b>0.9</b>	<b>0.8</b>	<b>0.9</b>	<b>1.1</b>
Net Debt	20,815	(779)	11,434	5,298	33,814
<b>Net Debt / EBITDA</b>	<b>0.4</b>	<b>(0.0)</b>	<b>0.2</b>	<b>0.1</b>	<b>1.0</b>
Fixed Charge Cover Ratio <sup>6</sup>	6.8	4.9	4.1	7.4	1.8
Solvency <sup>7</sup>	28%	32%	44%	30%	36%
ROCE <sup>8</sup>	55%	44%	42%	42%	35%
CAPEX	(10,373)	(7,102)	(7,930)	(2,579)	(10,990)

(1) Contribution is calculated as revenues minus cost of sales which includes costs for raw materials, subcontracted work and other external charges and logistic and other project related charges.

(2) Gross Profit is calculated as contribution minus direct personnel expenses minus production & general manufacturing expenses.

(3) EBITDA is defined as operating profit whereby the depreciation & amortisation are added back. EBITDA is not a measure of liquidity or performance calculated in accordance with IFRS and should be viewed as a supplement, not a substitute for, the Group's results of operations presented in accordance with IFRS. The reconciliation of EBITDA to operating profit is set forth below. The Group's management is of the view that the gross profit amounts for the nine months ended September 2015 gross profit amounts set out above and the EBITDA amounts for the nine months ended September 2015 set out below provide an adequate estimation of the full year results.

<b>EUR 1,000</b>	<b>Q3 2015</b> <b>Reviewed</b>	<b>Q3 2014</b> <b>Reviewed</b>	<b>FY 2014</b> <b>Audited</b>	<b>FY2013</b> <b>Audited</b>	<b>FY 2012</b> <b>Audited</b>
<b>Operating profit</b>	<b>34,229</b>	<b>28,519</b>	<b>38,350</b>	<b>36,883</b>	<b>26,979</b>
add back Depreciation & Amortisation	5,197	5,448	7,391	7,067	6,475
<b>EBITDA</b>	<b>39,426</b>	<b>33,967</b>	<b>45,741</b>	<b>43,950</b>	<b>33,454</b>

(4) Cash Conversion is calculated as free cash flow divided by EBITDA, whereby free cash flow is defined as EBITDA minus income tax charges minus the change in provisions minus capital expenditures. Provisions consists of provisions for guarantee, jubilee, maintenance and deferred taxes. Cash Conversion is not a term defined under IFRS and may not be comparable with similarly titled measures reported by other companies.

(5) Gross Debt is the outstanding debt under the existing credit facilities.

(6) Cash flow cover is calculated as free cash flow divided by financing charges. The financing charges consist of the net financing costs plus any debt repayments.

(7) Solvency is calculated as total equity and any subordinated loans divided by the total assets. The Group's management expects solvency to increase in the fourth quarter of 2015 and in 2016.

(8) ROCE is "return on capital employed" and is calculated as EBIT divided by capital employed. EBIT is calculated as the operating profit and capital employed is calculated as total equity plus loans and borrowings.



## 8. OPERATING AND FINANCIAL REVIEW

*The following is a discussion of the Group's results of operations and financial condition as at and for the years ended 31 December 2014, 2013 and 2012 and the nine months ended 30 September 2015 and 2014. This discussion should be read in conjunction with the selected historical financial information included in "Selected consolidated historical financial information" as well as with (i) the consolidated interim condensed financial statement of the Group as at and for the nine months ended 30 September 2015 (including 30 September 2014) and accompanying notes which have been prepared in accordance with IAS 34 (as adopted by the European Union) and have been reviewed by Ernst & Young Accountants LLP, independent auditors, and (ii) the consolidated financial statements of the Group for the years ended 31 December 2014, 2013 (including 2012) which have been audited by EY, independent auditors. The following discussion of the Group's results of operations and financial condition should be read in conjunction with 'Important information – Presentation of financial information', 'Industry' and 'Business'. Prospective investors should read the entire Document and not just rely on the information set out below.*

*The following discussion of the Group's results of operations and financial condition contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those that we discuss in these forward-looking statements. Investors should read 'Important Information -Forward-looking statements' for a discussion of the risks and uncertainties related to those statements. Investors should also read "Risk factors" for a discussion of certain factors that may affect the Group's business, results of operations and financial condition. Any reference to "Q3" relates to the nine months ended on 30 September of the relevant year.*

### Overview

The Group is a leading manufacturer of large steel tubulars which are used as foundation components for the offshore wind and offshore oil & gas industries. The Group is a Dutch company with facilities located in the Netherlands. The Group primarily produces monopiles and transition pieces and piles that are used to anchor jacket foundations in the seabed for offshore wind, as well as piles and the main legs of the larger jackets for oil & gas, as well as tubular structures for the various uses such as jetties. The monopile consists of a large tubular structure, typically with conical sections to reduce the diameter from the bottom to the top. Jacket foundations consist of legs welded together with bracings and anchored with separate pin piles, which are hammered into the seabed. Its products are customised based on the specific needs of a customer with respect to the design of the product.

Geographically, the Group's core markets are the UK, Germany, Belgium, Denmark, the Netherlands and France. The Group's products are predominantly installed in the greater North Sea region. Based on numbers of monopiles produced, the Group served approximately one-third of the European offshore wind market and based on large tubular foundation components for oil & gas on average approximately 50% of the offshore oil & gas market between 2012 and 2014 (source: Roland Berger Report). Having produced more than 1,200 monopiles for the offshore wind market, the Group has accumulated extensive experience in a wide range of applications based on cost competitiveness and continuous innovation of machinery and processes. Additionally, the Group has a solid track record in quality and on-time delivery, has historically been financially stable, including throughout the global financial crisis and the subsequent lack of banking appetite to finance offshore wind projects, and has strong cooperative arrangements in place with steel plate supplying partner Dillinger Hütte and transition piece outfitter Smulders, part of the Eiffage group, which it believes helps to ensure quality and reliability of its input material.

Due to its efficient production techniques, the Group is able to process large volumes of steel. Furthermore, the Group believes that timely investments in new technologies, high-quality and efficient facilities, and the competence and experience of its employees, have enabled it to gain a strong foothold in the offshore wind and oil & gas markets in North-Western Europe. Operating in these dynamic markets requires continuous improvement and flexibility of the manufacturing process in order to build durable tubular solutions. The Group's management develops continuous improvements that reflect customers' demands and expectations. The Group's automated production lines are designed in-house and equipped with advanced technologies such as a four-head, four-wire welding machine. These production lines along with demanding quality assurance methods, allow the Group to ensure reproducible quality and consistent productivity throughout each project.

In offshore wind, the Group is a leading manufacturer of monopiles and primary steel for transition pieces, and is also active as a tubular supplier for other types of foundations in use by the industry:

piles for jackets or tubulars for gravity-based or suction-based foundations. In its existing facilities at Roermond and Flushing, the Group produces monopiles of up to 9m in diameter, with a maximum length of 75m and a maximum tube weight of 920 tons. This enables the Group to provide monopile solutions for waters with a depth of up to 40m, depending on factors such as soil conditions. Recently, the Group provided monopile and transition piece solutions for, amongst others, Humber Gateway (a 219 MW offshore wind farm located 8km east of Spurn Point off the coast of the East Riding of Yorkshire, England, owned by E.ON.) and Gemini (a 600 MW offshore wind farm located 85km north of the Netherlands owned by HVC Groep, Northland Power, Siemens Financial Services and Van Oord). Other customers include E.ON, Statoil, Vattenfall, Deme/Geosea and Seaway Heavy Lifting.

The Group continuously invests in production equipment, in particular to increase its production capacities to produce XL monopiles (monopiles with a diameter of 7m or larger) and to increase the level of automation. The latest investment, which is currently in progress, comprises modern dual assembly lines that join monopile sections to a complete monopile and a multi-bay coating facility at its new facilities at the Maasvlakte 2 in the Rotterdam harbour. This facility will enable the Group to complete, deliver, store and load XL monopiles up to 11m in diameter, 120m in length and up to 2,000 tons in weight. The Group estimates an increase in installed annual theoretical production capacity of approximately 30% from 225 ktons to 300 ktons per year.

The Group also manufactures large and complex steel tubulars for the oil & gas industry. The Group's expertise is primarily focused on jacket tubulars, including jacket legs, launch legs, bracings, pile sleeves and piles, but also jack-up legs, anchor/mooring piles, internal ring stiffeners, attachments and clad structures. Jackets are steel structures used in the oil & gas market supporting, for instance, oil platforms. Jackets are fixed to the seabed using piles that are hammered in the seabed. Oil fields for which the Group provided solutions recently include Mariner Field (150km east of the Shetland Islands, United Kingdom) and Noviy Port (Noviy Port, Russia). Customers include Kvaerner, Dragados, Heerema Fabrication Group, OGN Group and Kvaerner.

In addition to the offshore wind and oil & gas business lines, the Group also manufactures parts for machines and civil engineering projects. For example, the Group produced all the tubulars used in the Maeslant storm surge barrier and it produced tubular structures used in the London Eye and the Brighton Tower. The Group also produces foundations for jetties, which are mooring platforms for large ships.

In 2014, contribution (defined as revenue minus cost of sales) amounted to EUR 83.6 million (2013: EUR 85.3 million, 2012: EUR 70.4 million), and at nine months ended 30 September 2015, contribution amounted to EUR 69.6 million (2014: 60.9 million). Management considers contribution to be a better indicator for the performance of the business than revenue, since revenue is impacted by fluctuations in the cost of steel and by third-party and subcontractor services, which are both passed on to customers at no or a limited margin. In 2014, gross profit amounted to EUR 56.8 million (2013: EUR 51.7 million, 2012: EUR 40.6 million), and at nine months ended 30 September 2015, gross profit amounted to EUR 49.6 million (2014: EUR 41.9 million).

As of 30 September 2015, the Group employed 199.2 FTEs. In addition to its permanent workforce, the Group hires temporary staff to enable it to adjust its workforce to fluctuations in production volumes at short notice. As of 30 September 2015, the Group had around 254 temporary employees.

The Group's business is organised into three business lines and operates through the following three main business segments: (i) offshore wind, which accounted for EUR 58.4 million, or 70%, of 2014 contribution; (ii) oil & gas, which accounted for EUR 24.8 million, or 29%, of 2014 contribution; and (iii) 'Other', which accounted for EUR 0.4 million, or the remaining 1%, of 2014 contribution.

#### **Principal factors affecting results of operations**

The following factors have contributed significantly to the development of the Group's business and results of operations and are expected to continue to have a significant effect on the Group's business and results of operations.

#### ***Market conditions for the Group's customers***

For each of the periods under review, a majority of the Group's revenue has been generated from customers in the offshore wind industry. In the recent years, the offshore wind industry has experienced significant growth but it is still a relatively new market. Demand for the Group's products in the offshore wind industry mainly depends on the further development, and continued

use, of offshore wind farms. This development is dependent upon the degree of support provided by governmental authorities through the provision of subsidies or other financial incentives to encourage the development of offshore wind farms, to increase the contribution of renewable energy sources in the overall fuel mix. Such support in, amongst others, the Netherlands, United Kingdom, Germany and France has been instrumental for the growth in this industry during the periods under review, in which jurisdictions specific goals were set for the period up to 2020. Many countries have formulated, or are in the process of formulating, clean energy goals for the period after 2020 but have yet to finalise subsidy plans for offshore wind farms for the period from 2020 onwards, creating some uncertainty as to the continued levels of such support for the industry going forward. See 'Industry' for further information regarding trends in the offshore wind industry that have influenced, or are expected to influence, the Group's results of operations.

#### ***Shift from oil & gas industry to offshore wind***

Since 2012, the Group has experienced an increase in demand for monopiles due to the increased number and size of offshore wind farms being built in Europe. Due to the Group's expertise in this area, the relative share of activities relating to offshore wind in the Group's production has increased, which has been instrumental to the Group's decision to invest in additional production capacity for offshore wind, at the Maasvlakte 2.

At the same time, the Group's oil & gas customers have experienced a lower level of exploration and limited development activity, resulting in a decrease in demand for the oil & gas products of the Group. As a result, the relative share of the oil & gas segment in the gross profit of the Group has decreased, from 53% (2012) to 42% (2013) to 28% (2014) and to 17% (nine months ended 30 September 2015).

#### ***Demand for Monopiles and XL Monopiles***

In terms of tonnage, the Group's largest product group are monopiles and transition pieces, which are included in the offshore wind segment. Due to its cost-effectiveness, the monopile has become the standard foundation solution for the offshore wind industry to date. As a result, there has been strong demand for monopiles in the periods under review, which the Group expects to continue going forward (see also 'Industry').

Furthermore, in order to be able to make use of monopiles at increasingly greater sea depths, the Group's customers are demanding monopiles with a diameter of 7m and larger, which are also known as XL monopiles. The Group has decided to expand and improve its production capacity with additional facilities for the production of XL monopiles at Maasvlakte 2 in Rotterdam, in order to capitalise on this demand for XL monopiles and strengthen its position vis-à-vis its competitors. Once the new facilities are in full production, the Group expects it will be able to capture a greater share of projects on the market, resulting in an increase in production, contribution and gross profit corresponding to the capacity increase.

#### ***Project oriented nature of the Group's business***

At any given time, in particular in the offshore wind segment, the Group is engaged in a relatively small number of large projects, each of which accounts for a significant proportion of the Group's revenue and results of operations in such period.

The Group's results depend on the number of projects being tendered and awarded in the markets in which the Group operates, over which the Group has no control. Relatively few projects are awarded in any given year, and the number of projects tendered and awarded can vary significantly from year to year. If the Group is not awarded sufficient projects, or if the timing of projects is such that the Group is not able to work consistently at full capacity, the utilisation of the facilities is affected and, as a result, the revenue, contribution and profits of the Group could vary significantly. While the Group aims to remain lean through its flexible workforce, a proportion of the Group's cost structure remains fixed and cannot be adjusted to short-term fluctuations in business activities. Depreciation, which constitutes approximately 17-20% of the total operating expenses, has no cash impact.

As a result, it is important that the Group timely fills its order book in order to ensure that it optimally utilises its production capacity, and to avoid the possibility that parts of its facilities, equipment and personnel remain unutilised for a significant period of time. For example, in 2012 and 2014, the Group experienced gaps in the order book due to delays in commencement of new projects, which resulted in idle capacity for a significant period. The delay of commencement of the Gemini project affected the utilisation of the facilities and was one of the reasons that the Group did not

report an increase in its financial results in 2014 compared to 2013, when the facilities of the Group were generally fully utilised throughout the year. Due to improved efficiency, the Group managed to increase contribution and gross profit in 2014, amongst other things, due to the fact that larger projects allow for more continuous planning and greater levels of automation. The Group considers production levels in 2013 to be particularly strong, and, due to the large size and limited number of projects each year, a certain level of underutilisation compared to maximum capacity should be expected. The Group is able to compensate for this underutilisation to some extent through its use of temporary labour, as evidenced by the gross profit increase in 2014 despite lower utilisation. At times when its production capacity is not fully utilised, the Group adjusts the timing of projects to the extent possible to rely on permanent employees only, which limits its payroll expenses at these times.

In the future, the Group expects that the number of tenders and timing of the projects will continue to vary, affecting the results of the Group.

#### ***Variations in contract terms and pricing for projects***

The effect on the Group's results of operations differ between projects as a consequence of individual contract terms. Contract terms are negotiated with customers for each specific project. The specific terms agreed may depend on a variety of factors, including the nature of the tender process, the nature of the relevant customer and the specific project parameters. Each of the Group's projects is customised, with variations in the design of the project, leading to differences in the number of man hours required to complete the projects. The specific terms of projects, including the contract pricing and the resulting contributions to the Group's results of operations, may thus differ significantly from project to project and from year to year.

The contract terms of specific contracts in time affects operating cash flows and the comparability of year-on-year cash flows. Many of the projects undertaken by the Group include milestones agreed with the relevant customer. Payments by the customer may depend on reaching these milestones. Although this does not impact the recognition of revenue or gross margin, the achievement of a milestone in relation to a particular project may result in the payment of a significant amount, and hence affect the cash position. These milestones, and the resulting payments, are not linked to the Group's financial year but to the project planning and progress, instead. Whether a payment is made before or after the end of a particular financial year can also affect the comparability of the results of operations (percentage of completion method is used) and cash flows for the relevant years.

#### ***Cost of raw materials and costs of third-party service providers***

Prior to entering into a final agreement with the customer in relation to the price of its services, the Group obtains a quote from its suppliers for the price of its raw materials, of which the most significant is steel. The Group then passes on the price of the raw materials to the price charged to the customer, at no or at a limited margin. Similarly, the Group obtains quotes from its sub-contractors and includes these in the proposal offered by the Group to its customer. This allows the Group to pass-on the costs of raw materials and third-party service costs to the customer using back-to-back agreements. It is also possible for customers to contract directly with a steel supplier or subcontractor affecting the revenue and cost of sale correspondingly.

As a result, both revenue and cost of sales can be materially affected by changes in the costs for raw materials or third party services, whilst the effect on both contribution and gross profit margin is generally very limited. This is demonstrated by the development of contribution and gross profit in 2013 and 2014, which did not reflect the major changes in the cost of raw materials and third-party services that resulted in fluctuations in revenue and cost of sales over the period under review. The Group expects that such effects on revenue and cost of sales will continue in the future.

Specifically, in 2013 and 2014, revenue and cost of sales increased disproportionately compared to actual production by the Group, when compared to 2012 (cost of sales 2014: EUR 178.9 million, 2013: EUR 251.0 million, 2012: EUR 92.8 million). The increase of steel prices in 2013 also had a direct effect on both line items. In addition, third-party services increased significantly in 2013 and 2014 since, following its filing for protection from its creditors, Smulders acted as a sub-contractor for the Group rather than the primary contractor for all projects executed together with the Group; as a result, customers paid the Group for services rendered by Smulders, which resulted in an increase in the Group's revenue and a corresponding increase in the cost of sales. For more information in relation to Smulders, please see 'Factor affecting comparability of results of operations – Impact of Smulders filing for protection from its creditors' below.



As a result of the above, management considers contribution and gross profit to be better indicators for performance of the business than revenue as those line items net out cost of raw materials and third-party services.

#### **Factor affecting comparability of results of operations**

##### ***Impact of Smulders filing for protection from its creditors***

In March 2013, Smulders, the Group's preferred substructure manufacturer with capabilities to manufacture foundations (jackets, substations and the outfitting of transition pieces), filed for protection from its creditors. As a result, the Group incurred substantial delays in relation to the DanTysk project, an offshore wind park for which the Group produced monopiles in a joint operation with Smulders, which also had a negative impact on the Group's efficiency and financial performance.

In addition, the Group was forced to pay damages for the delays incurred, which amounted to approximately EUR 6.5 million in 2013. These damages were reflected in the revenue line item.

Finally, following Smulders filing for protection from its creditors, the Group was forced to outsource part of its production to EEW in 2012 and 2013 for the DanTysk project, resulting in a decrease in contribution and gross profit.

#### **Recent developments**

The below contains a description of developments that took place after the latest financial statements included in this Document, being the unaudited interim consolidated financial information of the Group as at and for the nine months ended 30 September 2015.

##### ***Restructuring of financing***

Prior to 11 November 2015, part of the debt facilities available to the Group were structured at the level of the Selling Shareholder. On 11 November 2015, the Group entered into a new facility agreement whereby the debt at the level of the selling shareholder was transferred to the Group by means of a debt pushdown. The debt pushdown has been effected by drawing debt from the new facilities by the Group of an amount equal to EUR 21.3 million. In addition, an outstanding balance per 11 November 2015 of EUR 2.6 million between the Group and the Selling Shareholder was due and has been settled. Consequently, the Group declared a total dividend of EUR 23.9 million in order to enable the Selling Shareholder to repay the debt and cancel out any outstanding balances with the Group. The above transaction has had a net cash impact of net EUR 2.8 million.

As a result of the above restructuring, the Group's solvency ratio and net debt ratio decreased due to the decrease in equity and increase in debt. The total amount available under the new facility equals EUR 171.3 million, of which EUR 56.3 million in loans, EUR 30 million revolving credit and EUR 85 million in guarantees. The new facility agreement expires in 30 June 2018.

As the debt facilities concerned were already at the disposal of the Group, the interest related to such debt facility had been paid by the Group. The repayment profile and interest rates were not changed as a result of the debt pushdown, therefore this debt pushdown is not expected to have an effect on the cash flows of the Group. For more information on the Group's financing arrangements, please see 'Bank facilities and loans' below.

##### ***Operational agreements***

The Group entered into several agreements in relation to the Maasvlakte 2 (sub-leasehold) and Flushing (temporary facilities). For more information on the Maasvlakte 2 and Flushing, please see 'Business – Production facilities', 'Business – Maasvlakte 2' and 'Capital expenditure'.

##### ***Offering Reward***

With a view to a successful Offering and provided that certain conditions are met, the Group has committed itself to awarding several employees an Offering Reward. For more information on this, please see 'Management, supervisory board, senior management and employees – Incentive plan'.

##### ***VAT receivable***

Early November 2015, the Group received payment on an outstanding VAT receivable of EUR 8.3 million related to the VAT on the total ground lease of the Rotterdam facility which had to be paid at once and could be reclaimed over time.



## **Description of key line items**

Set out below is a brief description of the composition of key line items in the Group's financial statements.

### ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can reliably be measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risk.

Revenue is impacted by costs of raw materials and third-party services, both of which are charged by the Group to its customers. As a result, management considers contribution and gross profit to be better indicators for performance of the business than revenue. For a further discussion, please see above under 'Cost of raw materials and costs of third-party service providers'.

### ***Cost of sales***

Cost of sales is the total of three line items, (i) the costs of raw materials (steel plates, welding material, flanges), (ii) subcontracted work and other external charges and (iii) logistics and other project related expenses (including rent, transport cost and other costs that can be directly attributed to projects).

Cost of sales is impacted by costs of raw materials and third-party services, both of which are passed-on by the Group to its customers at no or a limited margin. In addition, the level of cost of sales are not comparable year on year since usage of raw materials depends on the specific phases in the project, project planning and percentage of completion reached in within the year together with the level of subcontracting, all of which are specific to each project.

### ***Contribution***

Contribution constitutes the difference between revenue and cost of sales. Cost of sales does not include personnel expenses or production and general manufacturing expenses.

Management considers contribution to be a better indicator for performance of the business than revenue, because revenue is affected by fluctuations in the cost of steel and level of third-party (subcontracted) services which are passed on to customers at no or a limited margin. For example, in 2013, the Group acted as a main contractor for Smulders, increasing amounts relating to third parties as well as corresponding revenue.

### ***Direct personnel expenses***

Personnel expenses consist of wages and salaries for internal personnel and costs relating to external, temporary personnel. In order to keep the workforce flexible to changes in production, the Group hires external personnel. The Group uses a number of Dutch and other European (principally, German and Polish) employment agencies for external personnel.

In the Group's income statement, personnel cost that can be allocated to specific projects are included in this line item and, therefore, are part of the gross profit calculation, while unallocated personnel costs are reported below the gross profit line item.

### ***Production & general manufacturing expenses***

Production & general manufacturing expenses relate to the following costs: maintenance, utilities, small equipment and materials, and other production costs that cannot be allocated to specific projects.

### ***Gross profit***

Gross profit is determined by subtracting costs relating to direct personnel expenses and production & general manufacturing expenses, from contribution.

## Results of Operations

The following table sets out the Group's consolidated results of operations for the periods indicated.

### Selected consolidated income statement data (EUR 1,000)

	<b>Q3 2015 Reviewed</b>	<b>Q3 2014 Reviewed</b>	<b>FY 2014 Audited</b>	<b>FY2013 Audited</b>	<b>FY 2012 Audited</b>
<b>Total Revenue</b>	213,535	211,412	262,523	336,267	163,252
Raw materials	(73,774)	(92,342)	(99,096)	(128,497)	(71,055)
Subcontracted work & other external charges	(63,801)	(47,201)	(61,594)	(104,813)	(15,115)
Logistic & other project related expenses	(6,319)	(11,002)	(18,239)	(17,658)	(6,651)
	—	—	—	—	—
Cost of Sales	(143,894)	(150,545)	(178,929)	(250,968)	(92,821)
<b>Contribution</b>	<b>69,641</b>	<b>60,867</b>	<b>83,594</b>	<b>85,299</b>	<b>70,431</b>
Direct personnel expenses	(14,995)	(13,867)	(19,835)	(26,017)	(23,215)
Production & general manufacturing expenses	(5,054)	(5,079)	(6,972)	(7,592)	(6,619)
<b>Gross Profit</b>	<b>49,592</b>	<b>41,920</b>	<b>56,788</b>	<b>51,690</b>	<b>40,597</b>
Indirect personnel expenses	(5,360)	(5,183)	(6,541)	(4,123)	(3,710)
Depreciation & impairment	(5,197)	(5,448)	(7,391)	(7,067)	(6,475)
Facilities, housing & maintenance	(1,277)	(1,262)	(1,820)	(1,746)	(1,277)
Selling expenses	(351)	(267)	(403)	(494)	(382)
General expenses	(3,285)	(1,451)	(2,106)	(1,791)	(1,792)
Other income / expenses	107	209	(176)	414	18
<b>Operating profit</b>	<b>34,229</b>	<b>28,519</b>	<b>38,350</b>	<b>36,883</b>	<b>26,979</b>
Finance income	68	40	90	37	220
Finance costs	(1,085)	(1,531)	(1,888)	(1,407)	(2,442)
	—	—	—	—	—
Net finance costs	(1,017)	(1,490)	(1,798)	(1,370)	(2,222)
<b>Profit before tax</b>	<b>33,212</b>	<b>27,029</b>	<b>36,552</b>	<b>35,513</b>	<b>24,757</b>
Income tax expense	(7,501)	(6,389)	(8,557)	(8,917)	(5,905)
<b>Profit attributable to the shareholders</b>	<b>25,711</b>	<b>20,640</b>	<b>27,995</b>	<b>26,596</b>	<b>18,852</b>

### Segments

The following table sets forth the Group's revenue, contribution and gross profit, specifying the three reported segments, as well as the percentage change from year to year for each.

Operating segments (EUR 1,000)	Q3 2015 Total Unaudited	Q3 2014 Total Unaudited	FY 2014 Total Audited	FY 2013 Total Audited	FY 2012 Total Audited
<b>Offshore wind</b>					
Revenue	183,283	170,932	213,334	267,863	97,157
Cost of sales	(128,883)	(130,746)	(154,898)	(219,520)	(65,931)
Contribution	54,400	40,186	58,436	48,344	31,226
Gross profit	40,602	28,068	40,492	29,417	17,632
<b>Oil &amp; Gas</b>					
Revenue	29,004	37,540	48,338	67,311	64,907
Cost of sales	(14,523)	(18,404)	(23,586)	(31,242)	(27,318)
Contribution	14,481	19,136	24,752	36,069	37,589
Gross profit	8,525	12,802	16,135	21,475	21,714
<b>Other</b>					
Revenue	1,248	2,940	851	1,093	1,188
Cost of sales	(488)	(1,395)	(445)	(207)	428
Contribution	760	1,545	406	886	1,616
Gross profit	465	1,050	161	798	1,251
<b>Total</b>					
Revenue	213,535	211,412	262,523	336,267	163,252
CoS	143,894	150,545	178,929	250,969	92,821
Contribution	69,641	60,867	83,594	85,299	70,431
Gross profit	49,592	41,920	56,788	51,690	40,597

### Comparison of results of operations for the nine months ended 30 September 2015 and nine months ended 30 September 2014

Operating result (EUR 1,000)	Q3 2015 Total Reviewed	Q3 2014 Total Reviewed	Change %
Revenue	213,535	211,412	1%
CoS	143,894	150,545	-4%
Contribution	69,641	60,867	14%
Gross profit	49,592	41,920	18%

The Group's results of operations for the nine months ended 30 September 2015 compared with the nine months ended 30 September 2014 are discussed below.

### Revenue

Revenue increased by 1% from EUR 211.4 million in the nine months ended 30 September 2014 to EUR 213.5 million in the nine months ended 30 September 2015.

### Offshore wind

Revenue increased by 7% from EUR 170.9 million in the nine months ended 30 September 2014 to EUR 183.3 million in the nine months ended 30 September 2015 (86% of total revenue). This increase was primarily due to the revenue from the Dudgeon and Rampion projects, the production in respect of which started up and accelerated in the third quarter of 2015.

#### *Oil & gas*

Revenue decreased by 23% from EUR 37.5 million in the nine months ended 30 September 2014 to EUR 29.0 million in the nine months ended 30 September 2015 (14% of total revenue). This was due to a decrease in volumes in the oil & gas segment due to market conditions.

#### *Cost of sales*

Cost of sales decreased by 4% from EUR 150.5 million in the nine months ended 30 September 2014 to EUR 143.9 million in the nine months ended 30 September 2015. This was primarily due to the change in the product mix (offshore wind versus oil & gas) as well as the specific projects under contract, which carry different margins. In addition, for oil & gas projects, the customer supplied the required steel directly, resulting in a decrease in cost of sales.

#### *Contribution*

Contribution increased by 14% from EUR 60.9 million in the nine months ended 30 September 2014 to EUR 69.6 million in the nine months ended 30 September 2015 mainly as a result of the Group selling its products at higher margins, specifically in the offshore wind segment. In addition, the product mix shifted further towards the offshore wind segment.

#### *Offshore wind*

Contribution increased by 35% from EUR 40.2 million in the nine months ended 30 September 2014 to EUR 54.4 million in the nine months ended 30 September 2015 as a result of higher volumes and the Group providing its products at higher margins compared to the nine months ended 30 September 2015.

#### *Oil & gas*

Contribution decreased by 34% from EUR 19.1 million in the nine months ended 30 September 2014 to EUR 14.5 million in the nine months ended 30 September 2015. This was due to a decrease in production volumes and lower margins.

#### *Gross profit*

Gross profit increased by 18% from EUR 41.9 million in the nine months ended 30 September 2014 to EUR 49.6 million in the nine months ended 30 September 2015 mainly as a result of increased contribution and reduction in direct personnel expenses due to efficiencies and a lower manpower component for the projects at hand. The achieved gross profit exceeded budgeted gross profit for the nine months ended 30 September 2015.

#### *Offshore wind*

Gross profit increased by 69% from EUR 28.1 million in the nine months ended 30 September 2014 to EUR 40.6 million in the nine months ended 30 September 2015. This was due to a favourable mix of projects, especially in the offshore wind segment, resulting in higher contribution, higher utilisation of the production facilities and relatively lower direct personnel expenses.

#### *Oil & gas*

Gross profit decreased by 34% from EUR 12.8 million in the nine months ended 30 September 2014 to EUR 8.5 million in the nine months ended 30 September 2015. This was due to a decrease in production volumes, following the trend shifting away from oil & gas to offshore wind.

## Comparison of results for the year ended 31 December 2014 and 31 December 2013

Operating results (EUR 1,000)	FY 2014 Total Audited	FY 2013 Total Audited	Change %
Revenue	262,523	336,267	-22%
CoS	178,929	250,968	-29%
Contribution	83,594	85,299	-2%
Gross profit	56,788	51,690	10%

The Group's results of operations for the year ended 31 December 2014 compared with the year ended 31 December 2013 are discussed below.

### *Revenue*

Revenue decreased by 22% from EUR 336.3 million in 2013 to EUR 262.5 million in 2014. This decrease was partly caused by lower production in 2014 compared to 2013. The reduced production was caused by a decrease in the amount of orders and a gap that arose in the order book, due to the timing of projects undertaken during the year, leaving part of the facilities unused for three to four months.

In addition, the Group charged lower amounts for raw materials to its customers, due both to the lower production and a reduction of the price of raw materials in 2014 compared to 2013. Finally, the Group made less use of third-party sub-contractors, for which the Group charges its customers.

### *Offshore wind*

Revenue decreased by 20% from EUR 267.9 million in 2013 to EUR 213.3 million in 2014. This was due to lower production, lower prices for raw materials and lower third-party services.

### *Oil & gas*

Revenue decreased by 28% from EUR 67.3 million in 2013 to EUR 48.3 million in 2014. This was due to lower production, lower prices for raw materials and lower third-party services compared to 2013.

### *Cost of sales*

The decline in production volumes was reflected in the decrease in cost of sales by 29% from EUR 251.0 million in 2013 to EUR 178.9 million in 2014. The reduced production resulted from a decrease in the amount of orders and a gap that arose in the order book, leaving part of the facilities unused for three to four months in 2014.

In addition, cost of raw materials decreased, driven by both lower production and a reduction of the price of raw materials, especially steel, compared to 2013.

Also in 2013, customers required the Group to be the main contractor on projects performed together with Smulders. However, in 2013, the Group required fewer sub-contracted services. This is in line with the lower production levels and because after the completion of the DanTysk project, the Group no longer needed to outsource production to EEW. This resulted in a reduction in storage costs in 2014 compared to 2013. In relation to the Amrumbank project, the Group outsourced the production of non-core products (i.e. deck cranes, landing docks, etc.) to third parties resulting in increased expenses incurred for additional storage facilities although this was partially offset by the reduction in production levels as a result of the outsourcing.

### *Contribution*

Contribution decreased by 2% from EUR 85.3 million in 2013 to EUR 83.6 million in 2014. During 2015, a further shift in the mix from the oil & gas segment in favour of the offshore wind segment was experienced whereby, despite lower production volumes overall, the Group procured a relatively higher number of large projects in 2014, all of which compared favourably against the DanTysk project completed in 2013, which was characterised by lower margins.



#### *Offshore wind*

Contribution increased by 21% from EUR 48.3 million in 2013 to EUR 58.4 million in 2014. This was due to higher margins on the larger project, which allow for automation as well and the related low margin realised on the Dan Tysk project, completed in 2013, which offset lower production levels in 2014.

#### *Oil & gas*

Contribution decreased by 31% from EUR 36.1 million in 2013 to EUR 24.8 million in 2014. This was due a decrease in number of oil & gas projects available to the oil & gas market as a whole, and, by extension, to the Group.

#### *Gross profit*

Gross profit increased by 10% from EUR 51.7 million in 2013 to EUR 56.8 million in 2014. The impact of the lower production levels was more than offset by higher margins from projects undertaken during 2014 as well as taking into account the DanTysk project, which was completed in 2013 and carried relatively low margins. As a result, the Group's profitability was higher. Also, the Group proved effective in scaling down its flexible workforce in line with reduced production levels, reducing direct personnel expenses.

#### *Offshore wind*

Gross profit increased by 38% from EUR 29.4 million in 2013 to EUR 40.5 million in 2014. This was caused by the several large and profitable projects during 2014 as well as taking into account the DanTysk project, which carried a relatively low margin and was completed in 2013.

#### *Oil & gas*

Gross profit decreased by 25% from EUR 21.5 million in 2013 to EUR 16.1 million in 2014. This was due to fewer oil & gas projects on the market in 2014, as a result of which production decreased.

### **Comparison of results for the year ended 31 December 2013 and 31 December 2012**

<b>Operating results (EUR 1,000)</b>	<b>FY 2013 Total Audited</b>	<b>FY 2012 Total Audited</b>	<b>Change %</b>
Revenue	336,267	163,252	106%
CoS	250,969	92,821	170%
Contribution	85,299	70,431	21%
Gross profit	51,690	40,597	27%

The Group's audited consolidated results of operations for the year ended 31 December 2013 compared with year ended 31 December 2012 are discussed below.

#### ***Revenue***

Revenue increased by 106% from EUR 163.3 million in 2012 to EUR 336.6 million in 2013. The increase was primarily due to a peak in production, without any gaps in the order book, as a result of which production was generally at full capacity throughout 2013. In 2012, production was delayed on the DanTysk project, resulting in a gap in production.

In addition, in 2013, the Group charged higher amounts for raw materials to its customers, due to an increase in price of raw materials, especially steel, compared to 2012.

Also, in 2013, the Group made significantly more use of third-party sub-contractors, for which the Group charges the customers. This was primarily due to Smulders filing for protection from its creditors in March 2013, requiring the Group to be the main contractor with respect to all projects performed together with Smulders. As a result, any work done by Smulders was charged to the Group, the cost of which was then passed-on to the customer. This had a strong upward effect on revenue.

#### *Offshore wind*

Revenue increased by 176% from EUR 97.2 million in 2012 to EUR 267.9 million in 2013. This was the result of the Group being engaged on several large projects in 2013, resulting in high capacity

utilisation. However, this was partly offset by the consequences of Smulders experiencing financial difficulties culminating in its filing for protection from its creditors in 2013, as a result of which the Group was forced to outsource production to EEW in both 2012 and 2013 for the DanTysk project. In addition, any costs relating to work done by Smulders was passed on to the customer.

#### *Oil & gas*

Revenue increased by 4% from EUR 64.9 million in 2012 to EUR 67.3 million in 2013. Improvements in production levels were off-set by lower margins compared to 2013.

#### **Cost of sales**

Cost of sales increased by 170% from EUR 92.8 million in 2012 to EUR 250.0 million in 2013.

In 2012, cost of sales mainly comprised of raw material costs (EUR 71.1 million). In 2013, the costs of raw materials increased by 81% to EUR 128.5 million, driven by both higher production and an increase in the price of raw materials compared to 2012.

In addition, the increase of cost of sales was in large part due to a fivefold increase in costs for third-party services (EUR 104.8 million in 2013 versus EUR 15.1 million in 2012). In 2012, costs for third-party services related primarily to multiple small third parties. In 2013, this changed significantly due to Smulders filing for protection from its creditors in March 2013, requiring the Group to become the primary contractor with respect to all projects performed together with Smulders. As a result, costs relating to the activities of Smulders were reflected in the Group's cost of sales, which therefore increased strongly in 2013.

In addition, due the difficulties experienced with Smulders, the Group was forced to outsource production for the DanTysk project to EEW in 2012 and 2013. Finally, on the Amrumbank project, the Group outsourced the production of non-core products (i.e., deck cranes, landing docks, etc.) to third parties, which also resulted in increased logistic & other project related expenses (additional storage facilities).

#### **Contribution**

Contribution increased by 21% from EUR 70.4 million in 2012 to EUR 85.3 million in 2013. The increase was primarily due to a peak in production, without any gaps in the order book, as a result of which production was generally in full capacity throughout 2013. In 2012, production incurred delays on the DanTysk project, as a result of which there were gaps in production during 2012. In addition to the delay, the DanTysk project's margins were lower than most projects undertaken by the Group during the period under review.

#### *Offshore wind*

Contribution increased by 55% from EUR 31.2 million in 2012 to EUR 48.4 million in 2013. This was the result of the Group being engaged on larger projects that became available in 2013. Contribution in the offshore wind segment however was negatively impacted by the consequences of Smulders filing for protection from its creditors.

#### *Oil & gas*

Contribution decreased by 4% from EUR 37.6 million in 2012 to EUR 36.1 million in 2013. Improvements in production levels were off-set by lower margins.

#### **Gross profit**

Gross profit increased by 27% from EUR 40.6 million in 2012 to EUR 51.7 million in 2013. This was the result of high production levels, without any gaps in the order book, as a result of which production was generally in full capacity throughout the year. In 2012, production was delayed on the DanTysk project, as a result of which revenue were negatively impacted in that year. This effect continued in 2013, but to a much smaller extent.

#### *Offshore wind*

Gross profit increased by 67% from EUR 17.6 million in 2012 to EUR 29.4 million in 2013. This was the result of the Group being able to produce for large projects that came available in 2013, causing the production facilities to be almost fully utilised, leading to improved production efficiency.

#### *Oil & gas*

Gross profit remained stable (2014: EUR 21.7 million, 2013: EUR 21.5 million). Improvements in production levels and production efficiency were off-set by lower margins on projects concluded.

### Research and development expenses

The Group develops its automated production lines and some of its machines in-house. The machines successfully developed in-house are capitalised against the purchase price of their components and a tariff per hour spent by personnel (capitalised man hours) while all other research and development costs are expensed in the period in which they occurred.

Research and development expenses increased to EUR 0.4 million in the nine month ended 30 September 2015 from EUR 0.3 million in the nine months ended September 2014 (2014: EUR 0.4 million, 2013: EUR 0.2 million, 2012: EUR 0.1 million).

### Liquidity and capital resources

The Group's primary liquidity and capital resource needs are to service its debt and to finance working capital and capital expenditures. The Group's primary source of liquidity is cash flows from operating activities and proceeds from loans and borrowings.

### Cash flows

The table below summarises the Group's cash flow statements for the periods indicated.

Selected consolidated cash flow data (EUR 1,000)	Q3 2015 Reviewed	Q3 2014 Reviewed	FY 2014 Audited	FY2013 Audited	FY 2012 Audited
Net cash from operating activities	2,026	38,435	33,570	52,488	23,730
Net cash from (used in) investing activities	(11,294)	(32,218)	(39,523)	(24,516)	(30,652)
Net cash from (used in) financing activities	(2,000)	(2,500)	(5,000)	5,982	(6,982)
Net increase/decrease in cash and cash equivalents	(11,269)	3,716	(10,953)	33,954	(13,904)

#### Cash flow from operating activities

The Group's net cash from operating activities decreased by EUR 36.4 million from EUR 38.4 million in the nine months ended 30 September 2014 to EUR 2.0 million in the nine months ended 30 September 2015. The change was primarily a result of movements in the position of work in progress resulting the trade receivables increasing relative to the trade payables, which is typical for the project business in which the Group operates. In addition, a VAT receivable of EUR 8.3 million that was outstanding as at 30 September 2015 (which was received in late November 2015). For more information on this, please see 'Recent developments' above.

The Group's net cash from operating activities decreased by EUR 18.9 million from EUR 52.5 million in 2013 to EUR 33.6 million in 2014. In addition to the typical cash movements described above, an EUR 4.3 million tax payable movement impacted this period.

The Group's net cash from operating activities increased by EUR 28.8 million from EUR 23.7 million in 2012 to EUR 52.5 million in 2013. Changes in this period were also related to the typical cash movement described above.

#### Cash flow from investing activities

The Group's net cash used in investing activities decreased from EUR 32.2 million in the nine months ended 2014 to EUR 11.3 million in the nine months ended 30 September 2015. The total change between the periods equals a reduction of EUR 20.9 million, which is explained by the cash used for investing activities (EUR 3.3 million) and a decrease in the current account with the shareholder in relation to taxes and dividend of total EUR 24.2 million (in the fiscal unity the shareholder settles the tax balance for the group of companies and advances for dividend are paid awaiting final confirmation when declared in the annual shareholders meeting).

The Group's net cash used in investing activities increased by EUR 15.0 million from EUR 24.5 million in 2013 to EUR 39.5 million in 2014. Capital expenditure equalled EUR 7.9 million, an increase of EUR 5.8 million, and advances to shareholders were EUR 9.7 million for the period.

The Group's net cash used in investing activities decreased by EUR 6.1 million from EUR 30.6 million in 2012 to EUR 24.5 million in 2013. Capital expenditure equalled EUR 2.2 million, a decrease of EUR 8.8 million, while advances to shareholders were EUR 21.9 million for the period.

*Cash flow from financing activities*

The Group's net cash used in financing activities decreased by EUR 0.5 million from EUR 2.5 million in the nine months ended 2014 to EUR 2.0 million in the nine months ended 30 September 2015. The movement is a result of repayments of loans (bank loan A, please also see below).

The Group's net cash used in financing activities increased by EUR 11.0 million from EUR 6.0 million net cash inflow (proceeds of borrowing) in 2013 to an cash outflow EUR 5.0 million in 2014. The movement is primarily a result of proceeds from borrowings (EUR 9.0 million) and lower amounts of repayments on loans (EUR 3.0 million) (bank loan A, please also see below).

The Group's net cash from financing activities increased by EUR 13.0 million from EUR 7.0 million in 2012 to EUR 6.0 million cash proceeds in 2013. The movement is primarily a result of result of proceeds from borrowings in 2013 and repayments on loans (bank loan A, please also see below).

*Capital expenditure*

The table below summarises the Group's capital expenditure in property, plant and equipment for the periods indicated.

<b>Capital Expenditure (EUR 1,000)</b>	<b>Q3 2015 Unaudited</b>	<b>Q3 2014 Unaudited</b>	<b>FY 2014 Audited</b>	<b>FY2013 Audited</b>	<b>FY 2012 Audited</b>
<b>Land and Buildings</b>					
Balance at 1st of January	58,300	53,751	53,751	53,250	51,093
Additions	909	4,081	4,549	501	2,157
Disposals	—	—	—	—	—
Balance end of period	59,209	57,832	58,300	53,751	53,250
<b>Plant and equipment</b>					
Balance at 1st of January	40,628	37,357	37,357	36,798	28,117
Additions	9,315	2,928	3,271	1,517	8,681
Disposals	—	—	—	(958)	—
Balance end of period	49,943	40,285	40,628	37,357	36,798
<b>Other fixed assets</b>					
Balance at 1st of January	1,161	1,154	1,154	1,202	1,050
Additions	150	92	110	153	151
Disposals	—	—	—	(201)	—
Balance end of period	1,311	1,246	1,264	1,154	1,201
<b>Total</b>					
Balance at 1st of January	100,089	92,262	92,262	91,250	80,260
Additions	10,373	7,102	7,930	2,171	10,989
Disposals	—	—	—	(1,159)	—
<b>Balance end of period</b>	<b>110,462</b>	<b>99,364</b>	<b>100,192</b>	<b>92,262</b>	<b>91,249</b>
Accumulated depreciation	61,088	54,141	55,994	48,693	42,728
<b>Carrying amount end of period</b>	<b>49,374</b>	<b>45,223</b>	<b>44,198</b>	<b>43,569</b>	<b>48,521</b>

Investments in property, plant and equipment are mainly financed from operating cash flows.

The Group has committed itself to an investment programme to build a new production facility at Maasvlakte 2 in Rotterdam. When the new facility becomes operational this will increase the Group's theoretical capacity from 225 ktons to 300 ktons per year. While the Roermond facility will be dedicated to the production of cans and cones, the Rotterdam facility will assemble the cans and cones to monopiles and finish these for transportation and installation. This new production set-up facilitates XL-monopile production on a larger scale. The capital expenditure on the Maasvlakte 2, combined with related investments in Roermond to facilitate the capacity expansion, will amount to EUR 72.9 million of which approximately EUR 38.1 million on buildings and EUR 34.8 million on machines and equipment. The expected capital expenditure commitments can be broken down as follows: in the second half of 2015: approximately EUR 23.1 million; 2016: approximately

EUR 44.8 million; 2017: approximately EUR 5 million. The total committed/invoiced capital is expected to be earned back in approximately three years.

The Group has obtained a temporary right of sub-leasehold (ending on 30 June 2041) for a plot of land of 30 hectare (“ha”). Furthermore, the Group has committed to obtain a second temporary right of sub-leasehold (as of 1 July 2017, ending on 1 July 2021) for a plot of land measuring approximately 12ha.

Investments committed include a rolling machine (EUR 9.5 million), foundation pillars (EUR 2.5 million), the steel structure of the building (EUR 9.5 million), concrete works (EUR 5.9 million), cranes (EUR 4.3 million) and cutting machining tools (EUR 2.5 million).

In addition to the above expansion, the Group has entered into an agreement to renovate the Roermond offices, for an amount of approximately EUR 2 million.

Separate from the expansion investments, the Group incurs approximately EUR 4-6 million per annum in maintenance capital expenditure. The Group expects maintenance capital expenditure to increase to EUR 6-8 million as a result of the above-mentioned expansion.

### ***Operating working capital***

The Group’s operating working capital is composed of inventories, work in progress-amounts (due to and from customers), trade and other receivables, prepayments and trade and other payables. The Group’s operating working capital position on 30 September 2015 equalled EUR 16.1 million (30 September 2014: negative EUR 15.5 million, 2014: negative EUR 5.0 million, 2013: negative EUR 6.8 million, 2012: EUR 9.7 million). The change was primarily a result of movements in the position of work in progress resulting trade receivables increasing relative to trade payables, which is typical for the project business in which the Group operates. The level of working capital required is dependent on reaching certain milestones on particular projects at which point the Group is permitted to invoice the customer, resulting in a working capital build-up prior to reaching such milestones which consequently comes down when milestone invoices are being sent and paid. Such milestones differ per project. In general, the prepayment received from our customers should address the working capital build-up between different milestones.

Specifically, for the increase in working capital in the nine months ended 30 September 2015 is related to the production of transition pieces for the contracts at hand whereby the Group’s production of primary steel, the basis for the transition pieces which are sent to our secondary steel contractor (Smulders) for fabrication, as well as the ordering of secondary steel has been ahead of schedule resulting in stock of finished product, not taken up by the customer as yet. As a result, the Group received invoices from Smulders before it was in the position to send out invoices to the customer. The differences do not relate to seasonal effects.

### ***Working capital statement***

The Group believes that the working capital available to it is sufficient for its present requirements, that is for at least the next twelve months following the date of this Document.

### ***Banking facilities and loans***

The following table provides an overview of the financing arrangements of the Group for the periods presented:

(EUR 1,000)	Currency	Interest rate	Maturity	Q3 2015 Carrying amount	Q3 2014 Carrying amount	FY 2014 Carrying amount	FY2013 Carrying amount	FY 2012 Carrying amount
Secured bank loan A	EUR	Euribor + supplement	2017	9,904	14,311	11,839	16,719	10,940
Secured bank loan B	EUR	Euribor + supplement	2019	24,635	24,572	24,588	24,525	24,866
<b>Total interest bearing loans and borrowings</b>				<b>34,539</b>	<b>38,883</b>	<b>36,427</b>	<b>41,244</b>	<b>35,806</b>
<b>Percentage hedged with interest rate swaps</b>				<b>67%</b>	<b>67%</b>	<b>67%</b>	<b>66%</b>	<b>72%</b>

With the above agreements, the Group has two secured bank loans with a total carrying value of EUR 34.5 million as per 30 September 2015 (31 December 2014: 36.4 million). The first loan, with an outstanding amount of EUR 9.9 million per 30 September 2015 (31 December 2014: EUR 11.8 million), is repayable at year end 2016 and in June and December 2017. The second loan, with an outstanding amount of EUR 24.6 million per 30 September 2015 (2014: EUR 24.6 million), is repayable in 2019. The interest is based on 3 month Euro Interbank Offered Rate (“EURIBOR”)



plus a supplement that depends on the leverage ratio per quarter. The interest period are periods of three or six months (or any other period as agreed with the banks, taken into account that the first interest period ends on 30 June 2013). At the end of each interest period, an interest rate change/recalculation will occur. Margin is determined on the basis of the leverage ratio by reference to the quarterly financial statement and the quarterly compliance certificate. At the end of each interest period EURIBOR plus the Margin (to the extent the quarterly financial statement confirms the basis for an adjustment of the Margin) will (again) be determined as rate for the interest for the new interest period.

Prior to 11 November 2015, part of the debt facilities available to the Group were structured at the level of the Selling Shareholder. On 11 November 2015, the Group entered into a new facility agreement (the “**Financing Facility Agreement**”) whereby the debt at the level of the selling shareholder was transferred to the Group by means of a debt pushdown. The debt pushdown has been effected by drawing debt from the new facilities by the Group of an amount equal to EUR 21.3 million. In addition, an outstanding balance per 11 November 2015 of EUR 2.6 million between the Group and the Selling Shareholder was due and has been settled. Consequently, the Group declared a total dividend of EUR 23.9 million in order to enable the Selling Shareholder to repay the debt and cancel out any outstanding balances with the Group. The above transaction has had a net cash impact of net EUR 2.8 million.

As a result of the above restructuring, the Group’s solvency ratio and net debt ratio decreased due to the decrease in equity and increase in debt. The total amount available under the new facility equals EUR 171.3 million, of which EUR 56.3 million in loans, EUR 30 million revolving credit and EUR 85 million in guarantees. The new facility agreement expires in 30 June 2018.

As the debt facilities concerned were already at the disposal of the Group, the interest related to such debt facility had been paid by the Group. The repayment profile and interest rates were not changed as a result of the debt pushdown, therefore this debt pushdown is not expected to have an effect on the cash flows of the Group.

The Financing Facility Agreement includes the following (financial) covenants:

- a cash flow cover (ratio of cash flow to debt service in respect of any relevant period) of greater than 1.00 for that relevant period;
- a leverage ratio (the ratio of total debt on the last day of the relevant period to EBITDA in respect to that relevant period which shall not be less than: 2016: <2.50x; in the first quarter of 2017 <2.25x; in the second quarter of 2017 <2.00x; in the third quarter of 2017; and in every quarter thereafter: 1.50x); and
- the aggregate capital expenditure in the period from 1 July 2015 ending 31 December 2016 shall not exceed EUR 88 million and in every year thereafter shall not exceed EUR 10 million.

All costs related to the Offer will be normalised up to an amount of EUR 12.5 million in relation to the EBITDA calculation.

Bank loan A terminates on 31 December 2017 and bank loan B and the revolving facility terminate on 30 June 2018, subject to extension options.

The Group has entered into and may enter into certain over-the-counter interest rate derivative contracts with Dutch banks for the purpose of hedging its interest rate risks in connection with certain loan facilities. As collateral for the performance of its obligations under such loan facilities, and any derivative contracts related thereto, the Group has granted security interests in certain of its assets for the benefit of the relevant creditors. The Group may be obliged to provide additional collateral in the future, which may depend, amongst others, on the developments of the applicable interest rates, the incurrence or satisfaction of obligations by the Group, the value development of the provided collateral and changes to the existing relevant legal relationships. At the time of this document, the Group is discussing converting its interest rate derivative contract to an ISDA standard. This will not lead to a significant change in the commercial terms thereof.

Management aims to optimise interest income on excess cash balances available at any point in time, while simultaneously being able to directly draw the cash when needed for operational purposes.

The Group is financing the expansion on the Maasvlakte 2 largely from operational cash flows. In addition, as part of the abovementioned restructuring, the Group has obtained additional revolving credit facilities to address the periodical working capital requirements and other investment needs. First ranking rights of mortgage have been established on both the properties in Roermond – except

for the dwelling located at Mijnheerkensweg 10, Roermond – as well as the right of sub-leasehold in Rotterdam for the benefit of Coöperatieve Rabobank U.A. for the principle amount of EUR 171.2 million. The movable properties are pledged to the mortgagee in the mortgage deed.

### Off-balance sheet arrangements

#### *Commitments for the purchase of property, plant & equipment*

At 30 September 2015, the Group had commitments of EUR 2.1 million relating to the purchase of property, plant and equipment items.

#### *Lease commitments*

The Group has obtained a right of sub-leasehold from Havenbedrijf Rotterdam B.V. for the use of a specific area (Terrain A) in the Rotterdam harbour. This right of sub-leasehold is currently established for a period starting on 1 September 2015 and ending on 30 June 2041 and can be terminated prematurely by the Group on 1 July 2031 with a two years notice, with annual committed lease payments of EUR 0.8 million during the initial building phase escalating up to EUR 3.5 million after five years when the plots and buildings are fully in use.

#### *Guarantee facilities*

At the end of the period indicated, the Group had guarantee facilities in place as set out in the table below.

Guarantee facilities (EUR 1,000)	Type	Q3 2015		Q3 2014		FY 2014		FY2013		FY 2012	
		Total Facility	Used	Total Facility	Used	Total Facility	Used	Total Facility	Used	Total Facility	Used
Euler Hermes Interborg N.V. / Ace group	General	70,000	24,182	—	—	—	—	—	—	—	—
Euler Hermes Interborg N.V.	General	15,000	4,603	15,000	6,655	15,000	6,655	15,000	5,228	15,000	11,874
Nationale Borg Maatschappij	General	10,000	—	10,000	93	10,000	93	10,000	2,203	10,000	9,217
Rabobank	General	7,500	2,417	7,500	2,417	7,500	2,417	7,500	2,417	7,500	7,252
ING Bank	General	7,500	640	7,500	640	7,500	640	7,500	2,276	7,500	4,834
Nationale Borg Maatschappij	Project	6,788	6,788	6,788	6,788	6,788	6,788	20,659	20,659	—	—
Rabobank	Project	44,766	29,615	37,453	29,615	37,453	29,615	31,058	31,058	—	—
ING Bank	Project	22,040	22,040	29,878	22,040	29,878	22,040	—	—	—	—
<b>Total</b>		<b>183,594</b>	<b>90,285</b>	<b>114,119</b>	<b>68,248</b>	<b>114,119</b>	<b>68,248</b>	<b>91,717</b>	<b>63,841</b>	<b>40,000</b>	<b>33,177</b>

“Rabobank” refers to Coöperatieve Rabobank U.A.

The Group and the Selling Shareholder are jointly and severally liable for all amounts to which Euler Hermes Interborg, Nationale Borg Maatschappij, Rabobank and ING Bank have a right to claim in relation to the above mentioned guarantees.

#### *Fiscal unity*

Until the Listing Date, the Group constitutes a fiscal unity with its shareholder and its subsidiaries for corporate income tax purposes and VAT. The fiscal unity is headed by the Selling Shareholder. The standard conditions prescribe that all companies of the fiscal unity are liable for the corporate income tax payable and VAT. See ‘Risk factors – The Group remains jointly and severally liable for corporate income tax and Dutch value added tax liabilities of the Selling Shareholder and the Dutch tax authorities may settle Dutch reclaims arising in the period during which the Company was included in a fiscal unity with the Selling Shareholder.’

### Key Performance Indicators

The Group uses several KPIs to track the performance of its business. None of these KPIs is a measure of financial performance under IFRS. Nevertheless, the Group believes that these measures provide an important indication of trends in the Group’s financial performance.

There are limitations inherent in non-IFRS financial measures such as gross profit per ton, contribution per ton or tonnage resulting from the fact that tonnage is not a relevant measure under IFRS. In analysing the Group’s performance, investors should consider these non-IFRS KPIs together with the presentation of the Group’s results of operations and financial condition under IFRS, rather than as an alternative to IFRS financial measures. See ‘Important information – Presentation of financial – Non-IFRS financial measures’ and “Selected consolidated financial information – Non-IFRS financial measures’.

The information used to calculate these measures is partly derived from management information systems and partly from our audited financial statements. As these terms are defined by the Group's management, they may not be comparable to similar terms used by other companies.

For the purpose of obtaining an estimate of the performance of the Group's production, the Group uses contribution per ton, gross profit per ton and tonnage of steel used and as KPIs. These KPIs are discussed monthly by the management team and measures to further optimise output are considered on a regular process.

<b>KPI* (EUR)</b>	<b>Q3 2015 Total Reviewed</b>	<b>Q3 2014 Total Reviewed</b>	<b>FY 2014 Total Audited</b>	<b>FY 2013 Total Audited</b>	<b>FY 2012 Total Audited</b>
<b>Tonnage</b>					
Wind	86,776	79,117	100,379	116,199	67,334
Oil & Gas	20,669	24,765	32,524	49,968	44,833
Other	209	1,532	270	56	192
<b>Total</b>	<b>107,654</b>	<b>105,414</b>	<b>133,173</b>	<b>166,223</b>	<b>112,359</b>
<b>Contribution per ton</b>					
Wind	626.90	507.93	582.15	416.04	463.75
Oil & Gas	700.61	772.70	761.04	721.85	838.43
<b>Gross Profit per ton</b>					
Wind	467.89	354.77	403.39	253.16	261.86
Oil & Gas	412.45	516.94	496.10	429.77	484.33

\* In this table, the KPIs contribution per ton and gross profit per ton do not include the "Other" segment, as steel requirements for the products belonging to this category are generally considerably lower. Therefore, the Group does not consider these KPIs to be helpful in determining the Group's performance in the "Other" segment.

### ***Tonnage***

Tonnage of steel used is used as a KPI for production levels. Tonnage does not take into account fluctuations in margins, production efficiency and costs such as steel prices. It provides a helpful view on the productivity of the Group and its facilities.

In the nine months ended 30 September 2015, tonnage increased in comparison with nine months ended 30 September 2014 by 2.2 ktons from 105.4 ktons to 107.7 ktons. Tonnage decreased to 133.2 ktons in 2014 from 166.2 ktons in 2013 (2012: 112.4 ktons). The peak in 2013 reflects the peak in production levels that were realised in 2013 without a significant gap in the order book, whereas the Group experienced gaps in production in 2012, 2014 and the first three quarters of 2015. The flexibility that comes with using temporary personnel contributed to the Group setting-off the effects on profitability of the decrease in tonnage, so that contribution and gross profit continued to show an increase.

In 2014, the Group incurred the decrease in tonnage equally in offshore wind (2014: 100.4 ktons, 2013: 116.2 ktons, 2012: 67.3 ktons) and oil & gas (2014: 32.6 ktons, 2013: 50.0 ktons, 2012: 44.8 ktons), reflecting decreased production levels in both segments. However, the strong increase of tonnage in 2013 was for the largest part due to an increase in tonnage in the offshore wind segment, reflecting the increased share of the offshore wind segment in the total activities of the Group. This is also due to the increasing size of the products required in the offshore wind segment.

### ***Contribution per ton***

Contribution per ton measures the profitability of the Group's production, specifically focussed on usage of materials, third party contractors and logistical costs in relation to the project at hand. It reflects revenue for the Group net of cost of sales. Management considers contribution to be a better indicator for performance of the business than revenue since the cost of raw materials and third-party services are not reflected in contribution.

In the offshore wind segment, contribution per ton increased in the latter periods (nine months ended 30 September 2015: EUR 626.90, nine month ended 30 September 2014: EUR 507.93, full year ended December 2014: EUR 582.15, 2013: 416.04 and 2012: EUR 463.75). The increase was mainly driven by the production of more profitable projects and more efficient utilisation of the production

facilities. In the oil & gas segment, contribution per ton showed some fluctuation throughout the period (nine months ended 30 September 2015: EUR 700.61, nine month ended September 2014: EUR 772.70, full year ended December 2014: EUR 761.03, 2013: 721.85 and 2012: EUR 838.43). These fluctuations relate to project margins as well as the extent that raw materials are being procured and delivered by the customer.

The difference in contribution per ton of oil & gas compared to offshore wind is mainly due to the higher competitiveness in offshore wind.

### **Gross profit per ton**

Gross profit per ton also measures the profitability of the Group's production, independent from production levels. This KPI is influenced by the efficiency of production and the margins secured. Gross profit takes into account costs attributable to projects. As efficiency and added value generally increases within a project over time, gross profit tends to be lower in the earlier phase of a project and increases over time.

Gross profit per ton increased in the nine months ended 30 September 2015 compared to the same period in 2014, after a reduction in 2013 compared to 2012. This was mainly driven by the production relating to larger and more profitable projects as well as the release of risk reserves in relation to projects that reached completion within the period.

In the offshore wind segment, gross profit per ton increased in the latter periods (nine months ended 30 September 2015: EUR 467.89, nine months ended 30 September 2014: EUR 354.77, 2014: EUR 403.39, 2013: 253.16 and 2012: EUR 261.86).

In the oil & gas segment, gross profit per ton showed some fluctuation throughout the period (nine months ended 30 September 2015: EUR 412.45, nine months ended September 2014: EUR 516.94, 2014: EUR 496.10, 2013: 429.77 and 2012: EUR 484.33) mainly driven by utilisation and production efficiency.

### **Contractual Obligations**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for loans and borrowings and for other financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Total	Contractual cashflows				
			3 months or less	3 – 12 months	1 – 2 years	2 – 5 years	3 – 5 years
<b>30 september 2015</b>							
<b>Non-derivative financial liabilities</b>	<b>EUR 1,000</b>	<b>EUR 1,000</b>	<b>EUR 1,000</b>	<b>EUR 1,000</b>	<b>EUR 1,000</b>	<b>EUR 1,000</b>	<b>EUR 1,000</b>
Secured bank loans	34,539	(38,719)	(1,542)	(2,000)	(5,355)	(29,823)	—
Trade payables	58,363	(58,363)	(58,363)	—	—	—	—
<b>Total</b>	<b>92,902</b>	<b>(97,082)</b>	<b>(59,905)</b>	<b>(2,000)</b>	<b>(5,355)</b>	<b>(29,823)</b>	<b>—</b>

### **Financial risk management**

The Group manages the below financial risks in the following way.

#### **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables on customers.

#### **Trade and other receivables**

The Group's exposure to credit risk is mainly influenced by the individual customer characteristics. In addition, management considers general factors that may influence the credit risk of its customers base, including the default risk of the industry and the countries in which customers operate.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk,

including underlying customer's credit ratings if they are available. During the period of 2012 up to the six months ended 30 June 2015, no trade receivables were impaired or provided for.

#### *Cash and cash equivalents*

The Group held cash and cash equivalents of EUR 13.7 million as at nine months ended 30 September 2015 (nine months ended 30 September 2014: EUR 39.7 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are at least rated A-based on rating agency ratings.

#### *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, and within the covenants as agreed with the finance providers.

The Group aims to maintain the minimal level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

#### *Exposure to liquidity risk*

As presented under 'Banking facilities and loans' above, the Group has a secured bank loan that includes loan covenants. A future breach of covenants may require the Group to repay the loan earlier than indicated in the table above. The interest payments on variable interest rate loans and bond issues in the table above reflect market forward interest rates at the reporting date. These amounts may change as market interest rates change.

#### *Market risk*

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Group uses derivatives to manage market risks. All such transactions are carried out within the Group's treasury policy guidelines.

#### *Currency risk*

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of the Group companies is the Euro. The currency in which transactions are primarily denominated is also the Euro. The currency risk is limited since the Group almost fully conducts its sales, purchases and borrowings in its functional currency and closes hedge contracts at the time of entering into contracts in foreign currencies.

#### *Interest rate risk*

The Group adopts a policy of ensuring that 66% of its interest rate risk exposure is at fixed rate. This is achieved by borrowing at a floating rate and using interest rate swaps to hedge the variability in cash flows attributable to interest rate risk. The interest rate swaps mature between 31 June 2016 and 31 December 2017. The swap agreements in place do not require the Group to provide collateral other than security provided under the loan facilities.



The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

### 30 September 2015

	Carrying amount	
	Q3 2015 (EUR1,000)	Q3 2014 EUR 1,000)
<b>Variable rate instruments</b>		
Total loans and borrowings	35,000	39,500
Balance covered by interest rate swaps	23,300	26,270
Balance exposed to variable interest rates	11,700	13,230

### Significant accounting policies

For a discussion of the Group's significant accounting policies, please see note 2 to the financial statements under 'Financial Statements'.

For further information on preparation of the financial information included in this Document, see 'Important information – Presentation of financial information'.

### New accounting pronouncements

The following standards issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group is investigating what the impact these new standards will have on the financial statements and intends to adopt these standards, if applicable, when they become effective.

- IFRS 9 Financial Instruments, in effect from 1 January 2018;
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions, in effect from 1 January 2015;
- Annual improvements 2010-2012 Cycle, in effect from 1 January 2015;
- Annual improvements 2011-2013 Cycle, in effect from 1 January 2015;
- Annual improvements 2012-2014 Cycle, in effect from 1 January 2015;
- IFRS 15 Revenue from Contracts with Customers, in effect from 1 January 2018; and
- Amendments to IAS 1 Presentation of financial statements, in effect from 1 January 2016.

The following standards issued, but not yet effective, up to the date of issuance of the Group's financial statements do not have an impact on the financial statements:

- Amendments to IFRS 10, IFRS 12 and IAS 28, in effect from 1 January 2016;
- Amendments to IAS 27: Equity Method in Separate Financial Statements, in effect from 1 January 2016;
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants, in effect from 1 January 2016;
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests, in effect from 1 January 2016;
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets, in effect from 1 January 2016; and
- IFRS 14 Regulatory Deferral Accounts, in effect from 1 January 2016.

## 9. INDUSTRY

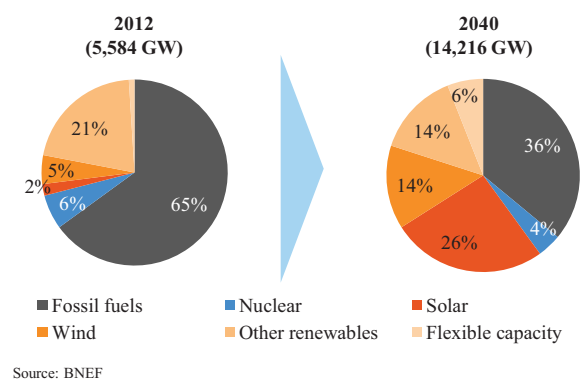
### Outlook for the renewable energy market

Global electricity demand rose from 11.8 petawatt (“PW”) hours in 1990 to 22.7 PW hours in 2012, representing a 3% compound annual growth rate (“CAGR”) over the period (Source: MAKE Consulting). Overall gross domestic product (“GDP”) and industrial growth in developed countries and rapid infrastructure growth in emerging countries are expected to further drive overall global energy demand and electricity demand in particular. Increasing regulatory commitment towards carbon emissions, improving economics, rising energy independence and security concerns are expected to result in renewables being a larger proportion of new energy generation in the future. By 2040, Bloomberg New Energy Finance (BNEF) expects the world’s power generating capacity mix to have transformed from today’s system composed of two-thirds fossil fuels to one with 56% from zero-emission energy sources. Renewables are forecast to command just under 60% of the 9,786GW of new generating capacity installed over the next 25 years, and two-thirds of the \$12.2 trillion of investment required to install this capacity. (Source: BNEF.)

#### Regulatory commitment towards renewables

<b>Global</b>	<ul style="list-style-type: none"> <li>Kyoto protocol regulates green house gas emissions for 37 industrialized countries</li> <li>Successful COP 21 meeting representing a clear signal that nations take the threat of climate change seriously</li> </ul>
<b>Europe</b>	<ul style="list-style-type: none"> <li>Target of 20% renewable energy generation by 2020 and at least 27% by 2030</li> </ul>
<b>US</b>	<ul style="list-style-type: none"> <li>Obama’s Clean Power Plan targeting 28% renewable energy generation by 2030 vs. 5.5% now</li> <li>Five year extension of wind PTC and solar ITC</li> </ul>
<b>Emerging markets</b>	<ul style="list-style-type: none"> <li>China aims to get 20% of energy from renewables and nuclear power by 2030</li> <li>New renewable targets and regulation in India</li> </ul>

#### Global installed power capacity evolution



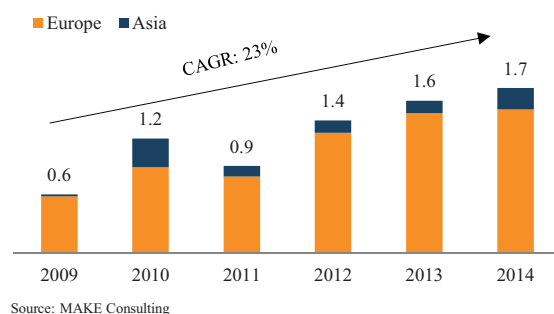
### Offshore wind market overview

The wind energy market comprises two key segments: onshore (when a wind turbine is positioned on land) and offshore (when positioned at sea).

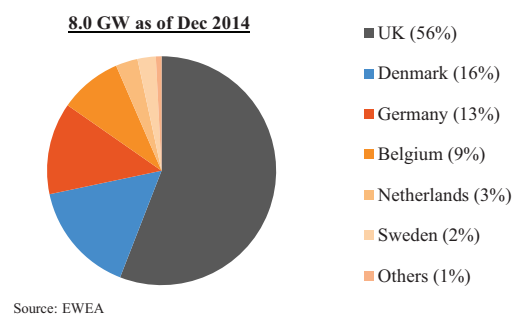
#### Historical development

Offshore wind is a relatively new electricity source compared to gas, coal and even onshore wind. At an early stage of the learning curve, the sector is yet to gain full economies of scale and standardisation. Hence offshore wind requires stable policy support in the short to medium term. The market thus far has been concentrated mainly in Europe with the region accounting for >90% of global installed capacity. (Source: MAKE Consulting.) The previously immature nature of the industry resulted in the sector experiencing many project delays since 2009. However the sector has evolved significantly since then.

#### Historic installations of offshore wind capacity (GW)



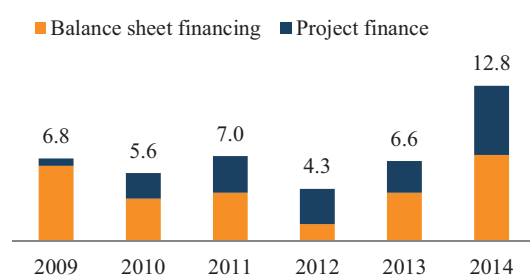
#### European cumulative installations in offshore wind



### Current trends de-risking the market

- Rising certainty on policy support:** Long-awaited policy reforms in the main offshore wind markets of Germany, the Netherlands, France and the UK were finalised in the second half of 2014 allowing for greater visibility on the project pipeline. Germany adopted a new Renewable Energy Sources Act (EEG) specifying the level of support for offshore wind until 2019. In the UK, early contract-for-difference (CfD) contract allocations and the announcement of the first budget for CfDs have brought more certainty and planning visibility. In addition, the introduction of sustainable market based support schemes are expected to encourage competition and reduce remuneration levels thereby aiding in the realisation of country targets. Uncertainty on grid connections, a key factor behind past project delays, is also being dealt with. Germany passed a law on limited liability for offshore grid connections in 2013 while most other European markets have a clear mechanism to address grid delays and malfunctions.
- Improving financing availability:** 2014 reflected a strong return of liquidity in the markets and an increased appetite for credit with the highest investment in offshore wind to date. According to the Group's management, the first nine months of 2015 this trend has increased compared to 2014. Rising use of project finance (a form of non-recourse debt) is expected to be a key driver for increasing financing availability. Equity financing has improved with the entry of new players including pension funds, private equity (PE) funds, sovereign wealth funds (SWF) and independent power producers (IPP). Government sponsored credit entities (UK's Green investment bank, Germany's KfW) have also been active in the sector. Improved financing availability offers the potential for further development of the industry.

Europe offshore wind new build investment (€ bn)



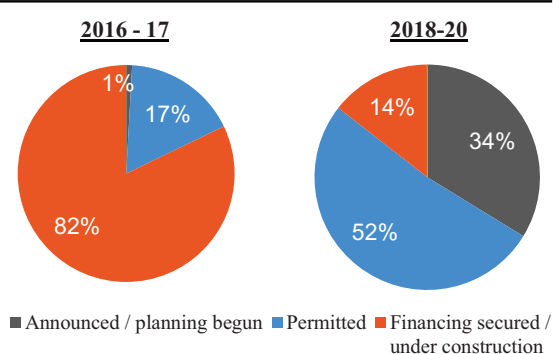
Source: BNEF

New players in equity financing

Pension funds	SAMAG, Allianz, PensionDanmark, Caisse de dépôt et placement du Québec, PCCM
PE	BRANCOR CAPITAL PARTNERS, The Blackstone Group, Laidlaw Group LLC, INVESTMENT COUNCIL
SWF	Masdar
Large companies	LEGO, Mitsubishi Corporation, Marubeni
IPPs	NORTHLAND POWER

- De-risking of supply chain:** The offshore wind industry's supply chain is relatively well supplied to facilitate the feasibility of future project completions with the exception of potential bottlenecks on installation vessels for larger foundations and turbines. MAKE Consulting expects installation vessels to be in short supply if no new investments are made. The Group's management, however, believes that although capacity might be tight, it should be sufficient to meet demand because if required floating vessels used primarily for oil and gas installations can be utilized for offshore wind installations. Expected building up of capacity for the rest of the supply chain elements, including turbine nacelles and blades, is expected to take less time than developing a project.

### European offshore pipeline break-up



Source: BNEF

### Europe offshore wind supply chain assessment

Component	2020E demand	Capacity estimate <sup>1</sup>
Nacelles (# / yr)	563	730
Towers (# / yr)	563	1,652
Blades (# / yr)	1,689	1,590
HVAC cables (km / yr)	720	1,360
Installation vessel days	Turbines	c.1,000
	Foundations	c.1,400
		c.1,000

Source: MAKE Consulting

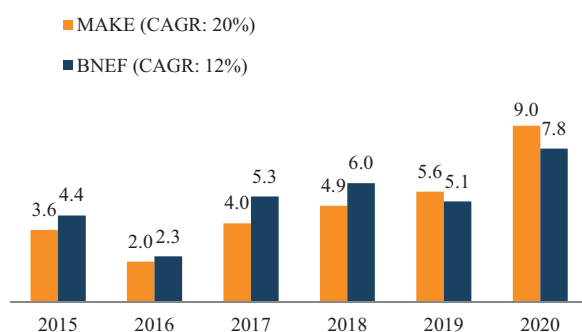
Notes

1 Committed and existing

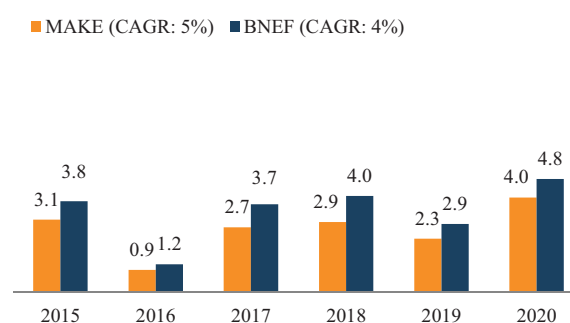
### Demand outlook

With a record year of offshore wind projects reaching financial close in 2014 and a record year of commissioning in 2015 with a near doubling of the capacity added in 2014, offshore wind is expected to enter its next phase of strong forecast growth. Offshore wind's scalability with increasing project sizes and potential for job creation and economic growth makes it an attractive source of energy in the long-term, even though it requires government support in the short to medium term to reach scale. MAKE Consulting expects 20% CAGR in global annual installations during the period 2015 to 2020. However, 2016 is likely to witness a temporary slowdown in project commissioning mainly driven by the transition in the UK market from the ROC-based support scheme to the CfD-based one. Europe is expected to remain the center of the industry for the medium term before the center of gravity moves towards Asia.

### Expected global offshore wind installations (GW)

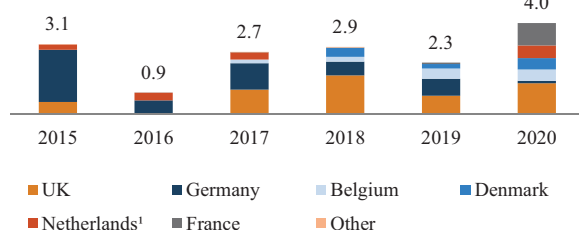


### Expected European offshore wind installations (GW)



Strong outlook in Europe is supported by stable regulatory frameworks in the key markets of the UK, Germany, Belgium, Denmark, Netherlands and France. European countries foster the development of offshore wind to realise their renewable energy targets and also to develop local industry. This coupled with improving financing availability and a de-risked supply chain gives additional credibility to the European project pipeline. More than 80% of 2016 – 2017 European projects are already under construction or have secured financing and around 66% of pipeline during 2018-2020 have secured financing / under construction or been permitted. (Source: BNEF.)

## Expected European offshore wind pipeline break-up (GW)



Source: MAKE Consulting

1 Dutch government has a target of 3.5 GW up to 2020

## Quality assessment of European regulatory framework

	Tariff (€ / MWh)	Support scheme
	160 <sup>1</sup>	• Contract for difference
	194 <sup>2</sup>	• Feed in tariff
	138	• Feed in tariff
	103 <sup>3</sup>	• Auction of locations
	145 <sup>4</sup>	• Auction of locations
	200 <sup>5</sup>	• Auction of locations

1 Average price of first UK CfD auctions

2 Applicable for a 8 year period alternatively €154/MWh applicable for a 12 year period

3 Awarded tariff for the latest tender (Horns Rev 3)

4 Maximum support available under SDE+ scheme

5 As per MAKE Consulting (tender prices are confidential)

## Upcoming European offshore wind projects

Project	Est. grid connection	Size (MW)	Production (starts) in 2017	Comments
<b>UK</b>				
Racebank	2017	580		To be operated under ROC scheme
Dudgeon	2017	400		Installation of underground cables and construction of substations underway
Aberdeen Bay	2017	84	✓	JV between Vattenfall (75%) and Aberdeen Renewable Energy Group (25%)
Beatrice	2019	588	✓	Seaway heavy lifting EPCI contractor (jackets)
Walney Island Phase II	2018	330		Construction could start in 2017
Hornsea Project One Phase 1	2019	400		Dong acquired project rights in Aug 2015
E.ON Rampion	2019	400		Work commenced with first foundation installation in Jan 2016
East Anglia One Phase 2	2019	285	✓	Part of potential six-phase development in the southern North Sea
Neart na Gaoithe	2020	450	✓	Secured Contract for Difference in 2015
Galloper	na	504		Attained financial close in December 2015
<b>Germany</b>				
Merkur/MEG1	2017	400	✓	GeoSea to act as general contractor for the installation
Borkum West II	2017	400	✓	Developed by Trianel Windkraftwerk
Borkum Riffgrund Phase II	2018	350	✓	MHI Vestas Offshore Wind appointed preferred supplier
Arkona Becken Sudost	2018	385		E.ON has selected the Port of Sassnitz as a logistics base
BARD Veja Mate	2018	400		Attained financial close in June 2015
BARD Deutsche Bucht	2019	210		The Highland Group expects to reach a financial close in mid-2017
Arcadis Ost I	2019	348		Final state permit granted in Oct 2014
Hohe See	na	492	✓	Developed by EnBW
Kaskasi	na	320		Developed by RWE Innogy
Arcadis Ost	na	350		Received the green light by state authorities
<b>Belgium</b>				
Nobelwind	2018	165		Developed by Belwind NV
THV Mermaid	2018	266		35% stake held by GDF Suez
Rentel	2019	288	✓	Grid connection approval obtained in Jun 2015
Norther	na	300	✓	Eneco and Electrawinds are seeking turbines and balance of plant suppliers
<b>France</b>				
Courseulles	na	450	✓	EDF and Dong has invited bids for EPCI contractors
St-Nazaire	2019	480		EDF and Dong has invited bids for EPCI contractors
Fecamp	2019	498	✓	EDF and Dong has invited bids for EPCI contractors
Saint-Brieuc	2019	500		EDF and Dong has invited bids for transportation and installation contractors
<b>Netherlands</b>				
Borssele	na	700		Delay in "Wet Stroom"
<b>Denmark</b>				
Horns Rev 3	2017	400	✓	Vattenfall won tender at €103/MWh making the project the cheapest in Europe currently

Order won by Sif

Order won by competition

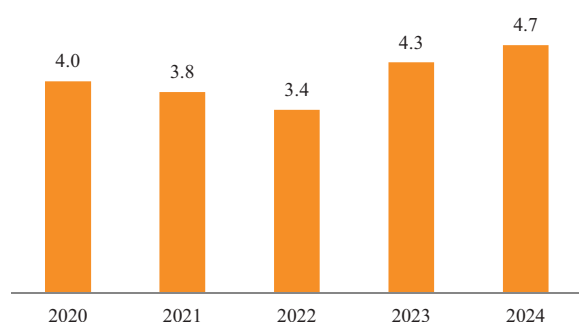
Target project for Sif

Source: BNEF, Sif

Most countries do not yet have specific subsidy plans for offshore wind beyond 2020. Although this creates some demand uncertainty for the period after 2020, most governments have indicated an ambition to increase offshore wind capacity further through their stated adherence to climate change targets. In addition, potential cost reduction for the technology is expected to enable offshore wind to co-exist with solar PV and onshore wind through its different generation profile. Repowering (process of replacing the old generating assets with the latest technology which is lower cost and higher output) is also expected to remain a key demand driver during the late 2020s. As per BVG Associates, repowering the UK fleet of projects is expected to at least double the total size and duration of the market.



### Expected European offshore wind installations post 2020 (GW)



Source: MAKE Consulting

### Formulated government ambitions post 2020

	• The DECC has formulated scenarios to reach 41 GW of offshore wind by 2030
	• The German energy ministry set out a draft target of 11 GW of build-out by 2025 in Nov 2015
	• Denmark targets a 100% renewable energy future by 2050
	• Target of 4.5 GW by 2023 <sup>1</sup>
	• France aims to have 40% of their electricity from renewable sources by 2030

Source: Public sources

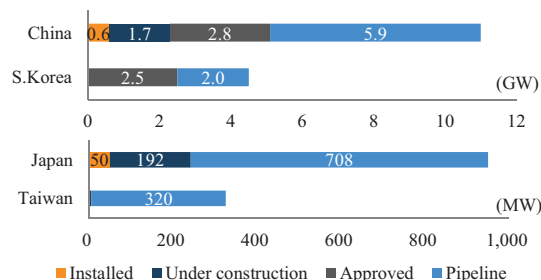
<sup>1</sup> Target of a wholly sustainable energy supply system by 2050

The Asian offshore wind market is expected to gain strength after 2020. MAKE Consulting expects the total global offshore wind capacity to reach around 93 GW by 2024 with APAC contributing 54 GW thereby overtaking Europe which will account for 42 GW. China is expected to be the main driver for offshore wind growth in APAC, but Japan, South Korea and Taiwan are also expected to make contributions. America's potential remains limited due to competition from low-priced natural gas power and abundant onshore wind resources. MAKE expects US to account for 1 GW of installations by 2024.

### APAC key market outlook

	<ul style="list-style-type: none"> <li>• Gaining momentum from new FITs</li> <li>• Faster growth post 2018 as technology and infrastructure improves</li> </ul>
	<ul style="list-style-type: none"> <li>• Ambitious targets, but progress remains low</li> <li>• Domestic turbine makers scaling down operations</li> </ul>
	<ul style="list-style-type: none"> <li>• No official targets but enjoys world's highest FITs</li> <li>• Aiming to develop floating technology</li> </ul>
	<ul style="list-style-type: none"> <li>• Two demonstration projects expected to start construction in 2015</li> </ul>

### APAC offshore wind project status, YE Q1 2015

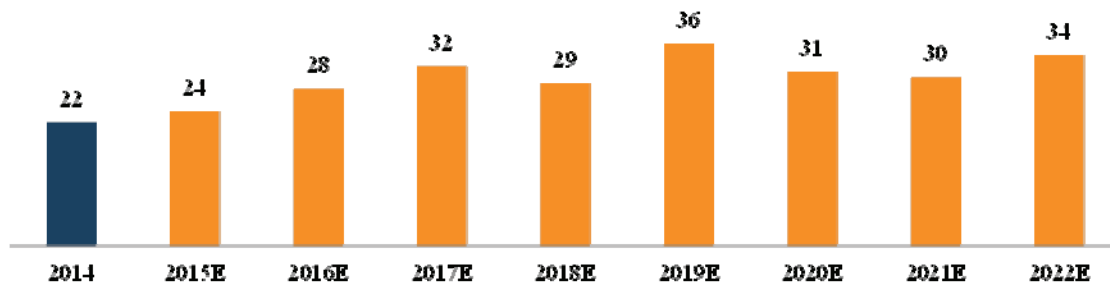


Source: MAKE Consulting

### Other key trends in the market

- **Evolving utility strategies:** As more offshore wind farms have been constructed over time, utility companies are directly managing projects, especially for smaller sized ones (multi-contracting). E.ON is a recent example of acting as a multi-contractor, having executed two projects in the period 2013 to 2014.
- **Increasing water depths and distance to shore:** Over the years, offshore wind farms have moved further from shore and into deeper waters. At the end of 2014, the average water depth of European online wind farms was 22.4 m and the average distance to shore 32.9 km (Source: EWEA). Data from projects under construction, consented and planned confirms that average water depths and distances to shore are likely to increase.

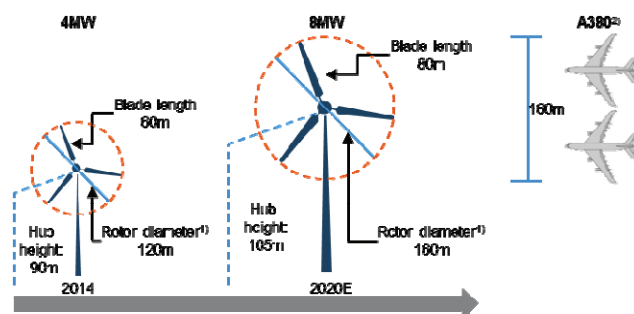
### Weighted average project depth for European projects with expected completion before 2022 (m)



Source: Roland Berger Report

- Increasing turbine size:** Introduction of >6 MW models is set to increase the average turbine size in the coming years. Siemens and Senvion currently offer 6 MW models while MHIVestas' 8 MW prototype was commissioned in 2014. MAKE expects the average turbine rating in Europe to leap considerably from 4.2 MW in 2014 to 7.1 MW in 2020.

### Increasing turbine size in Europe

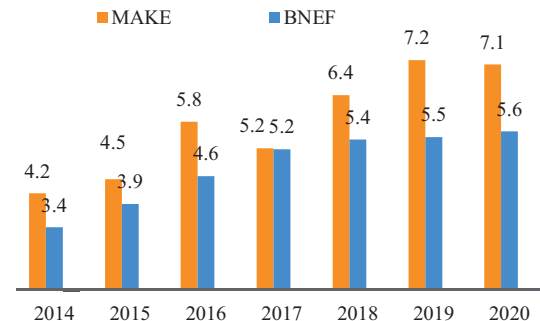


Source: MAKE Consulting

1 Based on blade length, excluding nacelle

2 A380 wingspan = 80m

### Expected Europe turbine rating evolution (MW)

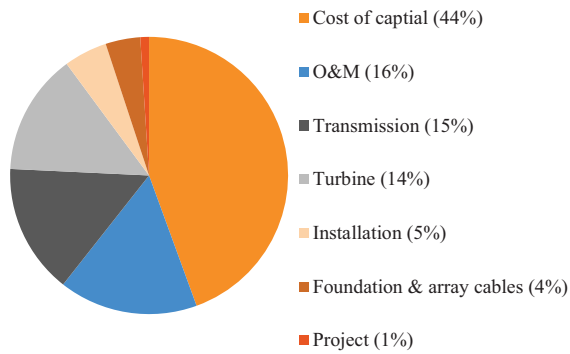


Source: MAKE Consulting, BNEF

### Cost reduction potential

Offshore wind is at the start of the learning curve with large cost reduction potential. MAKE Consulting expects levelised cost of electricity ("LCOE") for offshore wind to drastically decline from EUR 139 / MWh today to EUR 83 / MWh by 2025 thereby making important progress towards grid parity. Recent project development activities indicate that the cost of energy is coming down and more quickly than predicted. For instance, Vattenfall won Denmark's Danish Horns Rev 3 tender in Feb 2015 at EUR 103 / MWh. This makes the project the cheapest in Europe with the cost of power 32% lower than Denmark's previous tender. As the industry matures and cost of energy reduces, the need for subsidies is expected to drastically decline. BVG Associates expects UK projects going into construction in five years' time to be competitive with new CCGT (Combined Cycle Gas Turbine) plants.

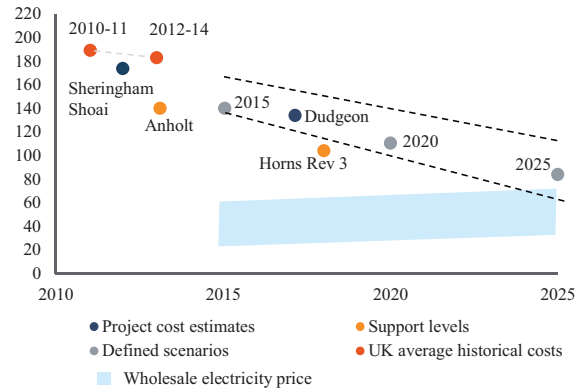
## UK Offshore wind cost breakdown



Source: BVG Associates

Notes: Assumes a 500 MW plant with operational life of 20 years. Development and construction costs of the wind farm are assumed to be funded entirely by the project developer. Once the wind farm is operational, project finance is assumed to be secured to a maximum level of 40 per cent, payable over a period of 14 years and priced at 325bps

## Global offshore wind grid parity timeline (€ / MWh)

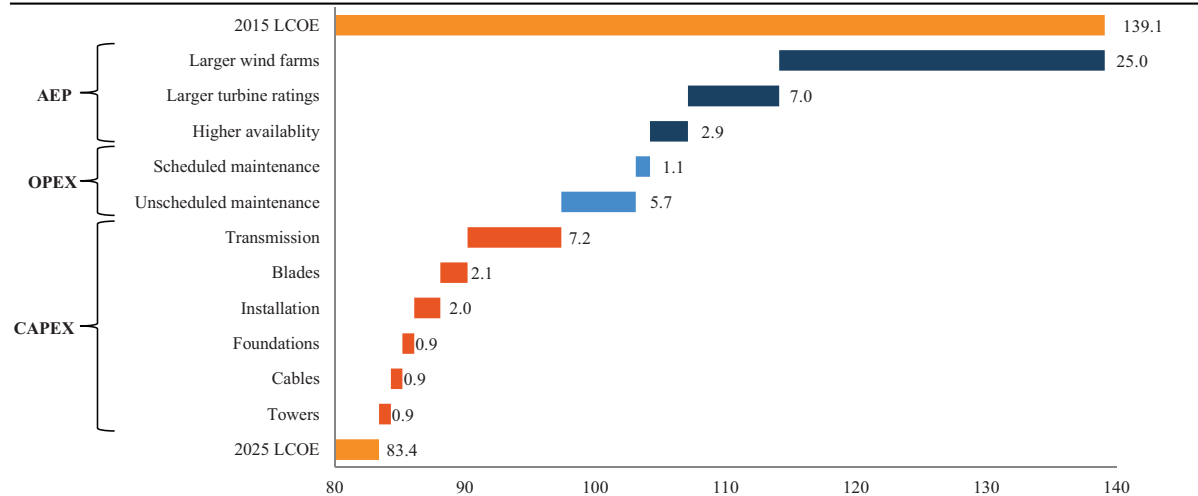


Source: MAKE Consulting

Notes: 2015 scenario assumes a 270MW offshore wind farm with 4MW turbines in 30m water depths located 30km from shore. 2020 scenario assumes a 400MW wind farm with 8MW turbines in 35m water depths located 40km from shore. 2025 scenario assumes a 550MW wind farm with 10MW turbines in 40m water depths located 50km from shore. HVAC transmission and monopile foundations are assumed in all scenarios.

The main drivers for cost reduction include increasing wind farm sizes, use of larger turbines, standardisation along the supply chain and gains in operating experience rather than lower equipment costs. MAKE Consulting expects more than 60% of LCOE reductions to be driven by the use of larger wind farms & turbines and higher availability with a further 12% by improved maintenance processes. By up-scaling the turbine size, the turbine capital expenditure per MW is increased, but the increase in Annual Energy Production (AEP) more than outweighs the increased turbine costs and drives down the LCOE. Upsizing the turbine size also reduces number of foundations, towers and other equipments that are required per megawatt (MW).

## Offshore wind cost reduction opportunities









Source: MAKE Consulting

Notes: Unsubsidized LCOE. AEP = Annual Energy Production

## Offshore wind foundation segment overview

Several foundation types have been developed for the offshore wind industry. These include monopiles, jackets, gravity based and tripods. Different technologies are applied in different situations depending on cost, turbine size, water depth and soil profile.

## Overview of foundation types

		Gravity based	Suction based	(XL) Monopile	Tripod/Tripile	Jacket	Floating
							
Water depths		0-15 m	0-15 m	0-40+ m	25-45 m	40-70 m	> 50 m
Fabrication costs		<ul style="list-style-type: none"> <li>High material usage for large depths</li> </ul>	<ul style="list-style-type: none"> <li>Relatively cheap due to low material usage</li> </ul>	<ul style="list-style-type: none"> <li>Automated (low cost) serial production possible<sup>1</sup></li> <li>High dependence on steel costs</li> </ul>	<ul style="list-style-type: none"> <li>More labor costs than monopiles</li> <li>Large tonnage comes with higher steel costs</li> </ul>	<ul style="list-style-type: none"> <li>Lower steel content possible</li> <li>Highly labor intensive production (more than 2x monopile)</li> </ul>	<ul style="list-style-type: none"> <li>Less steel costs due to smaller structures</li> </ul>
Installation/supply		<ul style="list-style-type: none"> <li>Floating installation</li> <li>Additional balance load logistics</li> <li>Seabed preparation</li> <li>Decommissioning effort high</li> </ul>	<ul style="list-style-type: none"> <li>Higher installation costs</li> <li>Dependent on sea bed</li> </ul>	<ul style="list-style-type: none"> <li>Installation mainly via hammering</li> <li>Difficulty dependent on sea bed</li> <li>Larger diameters more complex</li> </ul>	<ul style="list-style-type: none"> <li>Installation via hammering</li> <li>Dependent on sea bed</li> <li>Longer installation time (Positioning)</li> </ul>	<ul style="list-style-type: none"> <li>Less dependent on sea bed</li> <li>Longer installation time (Positioning)</li> <li>Difficult to handle logistically</li> </ul>	<ul style="list-style-type: none"> <li>No drilling hammering or difficult positioning for installation</li> <li>High mooring costs</li> </ul>
Design limitations		<ul style="list-style-type: none"> <li>Very large size for large depths</li> </ul>	<ul style="list-style-type: none"> <li>Low ability to cope with dynamic loads coming from the rotor lateral pressure</li> </ul>	<ul style="list-style-type: none"> <li>Larger turbine size requires larger diameter</li> </ul>	<ul style="list-style-type: none"> <li>Suited to carry larger turbines</li> <li>Medium ability to cope with dynamic loads</li> <li>Larger diameters more complex to produce</li> </ul>	<ul style="list-style-type: none"> <li>Suited to carry larger turbines</li> <li>Larger sea depths expensive due to high manual labor costs</li> </ul>	<ul style="list-style-type: none"> <li>Low turbine (blade) efficiency</li> <li>Little stability</li> <li>Unproven technology</li> </ul>
Deployment preference	Rank	×	×	1	×	2	×
	Rationale	<ul style="list-style-type: none"> <li>Too expensive</li> <li>Difficulties in installation due to large size</li> </ul>	<ul style="list-style-type: none"> <li>Yet to prove bankability / technical feasibility</li> </ul>	<ul style="list-style-type: none"> <li>Lowest cost solution</li> <li>Industry standard</li> <li>Known installation process</li> </ul>	<ul style="list-style-type: none"> <li>Expensive due to large steel volumes and high labor intensity</li> </ul>	<ul style="list-style-type: none"> <li>Preferred solution in larger water depths and under certain (clay) soil conditions</li> </ul>	<ul style="list-style-type: none"> <li>Yet to prove bankability / technical feasibility</li> </ul>

Source: Roland Berger Report

Note

<sup>1</sup> Except for secondary steel for transition pieces

Wind turbines making use of monopiles generally consist of four parts: a turbine, a tower, a transition piece and a monopile. Typically, the monopiles are delivered together with transition pieces.

### Relative positioning of foundation types

Monopiles have been the industry standard accounting for an increasing share of European foundations (91% in 2014) (Source: EWEA). This has mainly been driven by their low total cost of manufacturing, transport and installation. Jackets are only chosen for very deep waters (>50m) where monopiles are no longer feasible or in shallower waters where soil conditions are too tough for monopile usage. The Group's management believes that although the cost of monopiles is more dependent on steel prices than jackets, monopiles will still remain cheaper than jackets even if steel prices were to increase back to 2008 levels. Jacket manufacturers have been struggling due to low profitability levels (WeserWind filed for bankruptcy while Kvaerner exited its offshore wind jacket business). Gravity based and tripods-tripiles are rarely used due to high cost and highly labour intensive production process. Although suction, floating and other alternative foundations are being researched, a lack of bankability of such alternative foundations is expected to obstruct large-scale deployment for at least the next several years. MAKE Consulting expects floating foundations to remain a niche technology through the next decade.

Cost of foundation<sup>1</sup> (€m)



Source: Sif

Notes

<sup>1</sup> For fully installed foundations in water depth of 25m, port distance of 10NM and turbine size of 6MW

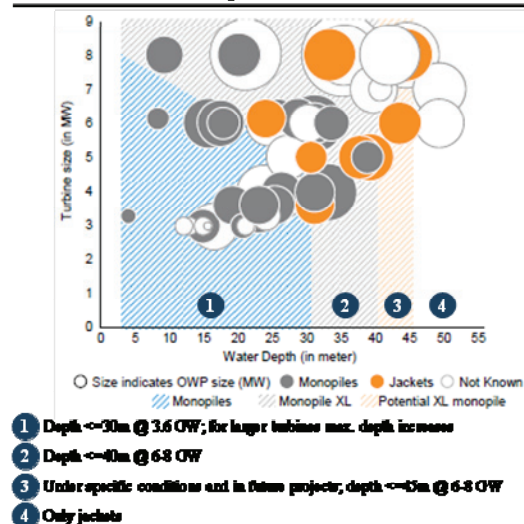
The addressable market for monopiles has further increased with the introduction of XL monopiles. XL monopiles are larger monopiles with diameters greater than 7m, lengths greater than 75m and weights greater than 900 ton. Management believes monopiles have c.18% cost advantage relative to jackets including installation costs. MAKE Consulting also corroborates this fact and estimates that, for a 400MW project in 40 – 60m water depth, monopiles are 24% cheaper than jackets. In addition to the cost advantage, XL monopiles are expected to remain favourable in the future with respect to the various technical prerequisites involved in choosing a turbine foundation as outlined in the table below. XL monopiles are replacing jackets as the preferred solution in deeper waters. RWE Innogy and Dong Energy, for instance, have recently switched from jackets to XL monopile foundations for their Galloper and Walney offshore wind projects respectively.

#### Technical prerequisites favouring XL monopiles

<b>Water depth</b>	<ul style="list-style-type: none"> <li>Planned projects indicate that XL monopiles will be extended to depths of at least 40 meter</li> <li>XL monopiles can also be potentially extended to 40 – 45m under specific conditions</li> </ul>
<b>Turbine size</b>	<ul style="list-style-type: none"> <li>XL monopiles can support turbine sizes of at least 5 - 8 MW which are expected to be the mainstream turbine size during 2015-22</li> </ul>
<b>Soil conditions</b>	<ul style="list-style-type: none"> <li>Monopiles currently proven for sand soil profiles for depth up to 40m</li> <li>Majority of the projects up to 2022 in soil conditions conducive to XL monopiles (88% in Germany, 90% in UK)</li> </ul>

Source: S&P

#### Turbine size - water depth foundation matrix, 2015-22



Source: Roland Berger Report

## Other market dynamics

### Transfer of risks throughout the supply chain

Banks and project developers push more of the construction risk (delays due to adverse weather conditions, late delivery of components etc.) to the supply chain. While more risks are pushed to the Engineering, Procurement, Construction and Installation (EPCI) contractors, they cannot fully transfer these risks to their suppliers as the majority of risks are related to engineering and the installation process. Correspondingly, foundation suppliers only bear part of the risks borne by EPCIs. These mostly relate to guarantees on manufacturing performance in accordance with engineering specifications (which are typically for a five year period) and adhering to delivery milestones.

### Foundation manufacturing timeline

Offshore wind foundations are usually manufactured between one and two years before the project is fully operational. Foundation suppliers therefore realise revenues in advance of the actual commissioning dates of projects.

## Monopile competitive environment

### Customer purchasing behaviour

Risk minimisation is the key driver for purchasing criteria in offshore wind projects. The majority of projects are constructed by EPCI players on behalf of utility companies. Utilities have also been increasingly acting as multi-contractor themselves wherein each segment of the project is given to different suppliers. Depending on the project set-up, the decision for a foundation supplier is either made by the EPCI player or the utility company or the project developer. There is a preference for a single supplier to reduce logistical risks. Key decision criteria for foundation suppliers include ability for timely delivery, sound track record and a strong balance sheet.



### Offshore wind foundations – key purchasing criteria

Balance sheet	●	<ul style="list-style-type: none"> <li>A strong balance sheet is needed to deliver the guarantees and preclude bankruptcy delaying the project</li> </ul>	Price	●	<ul style="list-style-type: none"> <li>A good price is a basic requirement, when the industry matures, it will become more and more important</li> </ul>
Timely delivery	●	<ul style="list-style-type: none"> <li>On-time delivery is key given the high costs of installation vessels and financial impact of delays</li> </ul>	Cooperation in supply chain	●	<ul style="list-style-type: none"> <li>Sound cooperation practices with contractors reduces interface risk</li> </ul>
Track record	●	<ul style="list-style-type: none"> <li>In the young industry with large project sizes and comparable large financial interest, a sound track record gives certainty on the ability to deliver projects</li> </ul>	Quality	●	<ul style="list-style-type: none"> <li>Good steel quality and high quality welds are needed for the 20+ years lifetime of the monopiles and minimize future O&amp;M costs</li> </ul>
			Location	●	<ul style="list-style-type: none"> <li>Dependent on country and client, local content is considered</li> <li>Good location vis-a-vis project and project port reduces transport risks</li> </ul>

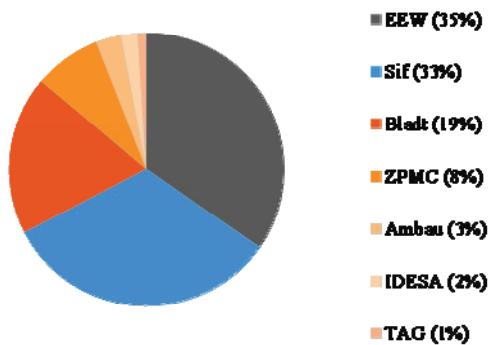
Source: Roland Berger Report

● High

### Key players and competitive positioning

The offshore wind monopile foundation industry is oligopolistic in nature, similar to the competitive structure of the more mature offshore oil and gas foundation components market, with the top three players (EEW, Sif and Bladt) constituting >80% of market share during 2010-14. (Source: Roland Berger Report). The remaining share consists of smaller players including Ambau and Idesa. Many others have entered the market in recent years, but most have not been successful due to the strict purchasing criteria of customers. This has resulted in insolvencies of subscale companies. Chinese companies have also not yet been successful at breaking into the European market, with supplier ZPMC failing to meet requisite quality standards at the Greater Gabbard project.

### 2010-14 monopile and XL monopile market share



Source: Roland Berger Report

### Selection of key players in monopile foundation landscape

Key players		<ul style="list-style-type: none"> <li>Key main players</li> </ul>
New entrants		<ul style="list-style-type: none"> <li>No track record</li> <li>No completed projects yet</li> </ul>
Limited presence		<ul style="list-style-type: none"> <li>Limited sales volume in monopile</li> </ul>
Limited success		<ul style="list-style-type: none"> <li>Failed to meet quality norms at Greater Gabbard project</li> <li>Under financial distress / filed for bankruptcy</li> </ul>

Source: Roland Berger Report

The market for XL monopiles remains further consolidated. Only three players have the required production facilities (the Group, EEW and Steelwind). Among these, Steelwind (backed by parent company Dillinger Hütte) is a new entrant with no track record. Barriers to entry are high for players considering entering the XL segment. These include significant investments to produce much larger monopiles, and the increased technical requirements, such as manufacturing cones with larger gradients to ensure that the monopile has a wide diameter below the surface of the ocean to provide it with sufficient stability but is also narrow enough above the surface to minimise the area exposed to the force of waves.

## Offshore wind monopile foundation players benchmarking

Player	2014 monopile capacity (kt) <sup>1</sup>	2017 XL monopile capacity (kt) <sup>1</sup>	Track record (Units of monopiles produced) <sup>2</sup>	Market positioning <sup>3</sup>				
Sif	85	150	>1,200	#2	#2 <sup>4</sup>	✗	#1	#1
E.ON	105	75	} >c.800	#1	#1	✗	#2	✗
BLADT	25	0		#3	#3	#1	✗	✗
STEELWIND	30	70	✗	✗	✗	✗	✗	✗
AMBAU	40	0	80	#4	✗	✗	✗	✗
ZPMC	na	0	140	✗	#4	✗	✗	✗
IDESIA	na	0	30	#5	✗	✗	✗	✗

### Notes

1 Sif estimates

2 Also includes projects with other partners (Source: BNEF, Sif estimates)

3 Based on number of monopiles manufactured during 2010 – 14; cross indicates no significant presence (Source: Roland Berger Report)

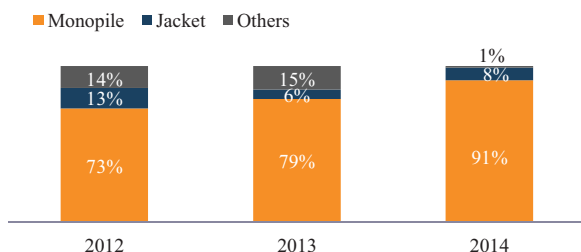
4 Based on 2015 projects, the Company believes they are ranked #1

## Market outlook

### Foundation type

The Group believes monopiles will remain the dominant foundation type with a market share of at least 75% in the coming years taking into account that around 90% of future projects will be installed in depths <50m until 2023 (Source: Make Consulting). Within monopiles, XL monopiles will constitute the majority of the market with the latter's share increasing to 84% by 2018 (Source: the Group).

### Historic European offshore wind foundation market shares

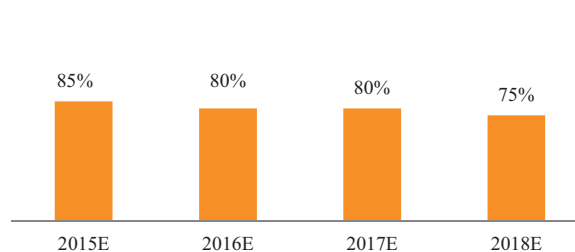


Source: EWEA

### Notes

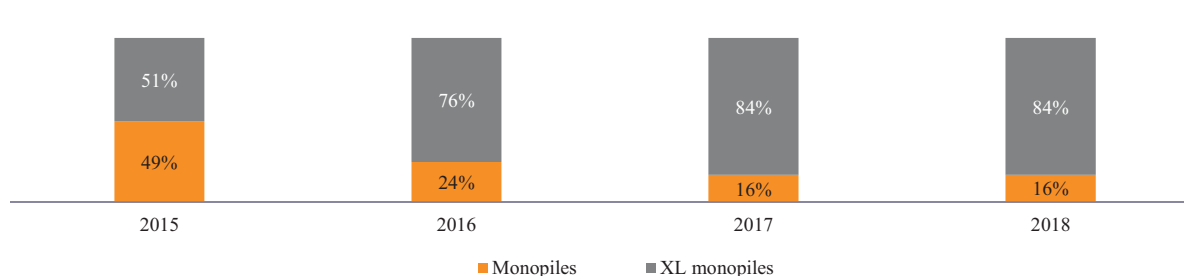
1 Based on actual number of installed foundations

### European offshore wind monopile market share outlook



Source: Sif

### Expected Europe monopile demand (kt) split by type



Source: Sif

## Monopile cost reduction

The key drivers for cost reduction of monopile foundations include use of XL monopiles (which facilitate the use of larger turbines), faster and more flexible production, faster installation and logistics costs reduction, efforts to reduce production costs (e.g. reducing welding gap, which also increases expected lifetime of the monopile), integrated foundation/tower designs and evolution of the transition pieces.

## Monopile weight

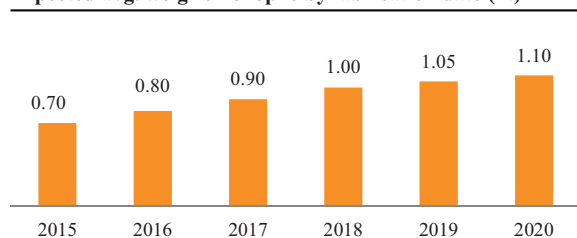
The weight of monopile foundations is determined by turbine size, soil conditions and water depth. With increasing turbine sizes and water depths, monopile weights are expected to increase over the coming years. The Group expects that industry will strive to keep monopile weights at 1,200 tons or lower for as long as possible, due to constraints in the installation ships lifting capacity. Management also expects that, till 2020, most of the windfarms will be designed with 6-8 MW turbines, as is today. After 2020, 10 MW turbines are expected to come on the market.

**Monopile weight evolution**

Timing	Diameter (m)	Length (m)	Turbine (MW)	Soil profile	Water depth (m)	Weight (MT)
Current	7	70	4	-	-	900
≥2015	≤8	≤85	6	Sand / Clay	25	≤1,200
≥2017	≤9	≤85	6	Sand	40	≤1,500
≥2020	≤10	≤100	6	Clay	40	≤1,800
≥2020	≤10	≤100	8	Sand	40	≤1,800

Source: Sif

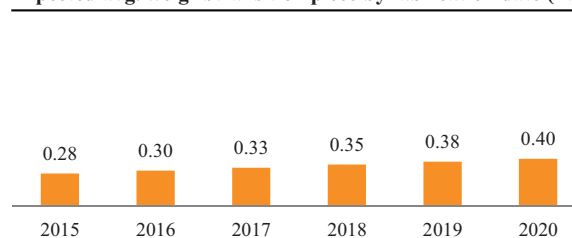
**Expected avg. weight/monopile by fabrication date (kt)**



Source: Sif

Note: Foundations are manufactured on average one to two years ahead of project commissioning date

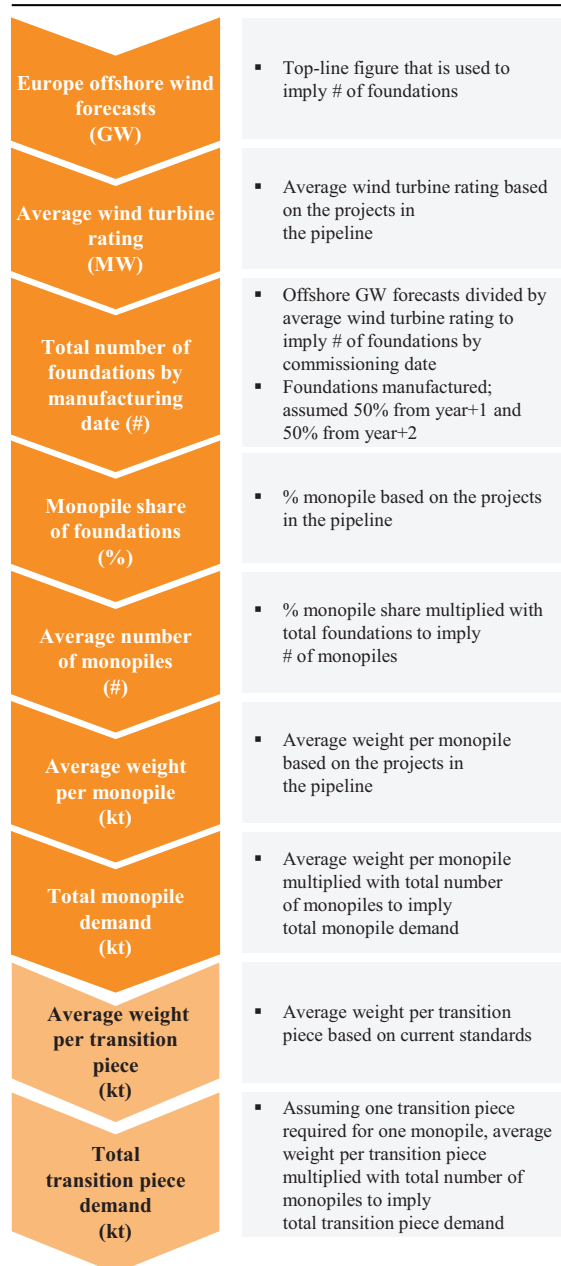
**Expected avg. weight/transition piece by fabrication date (kt)**



## Market size development for monopiles and transition pieces<sup>1</sup>

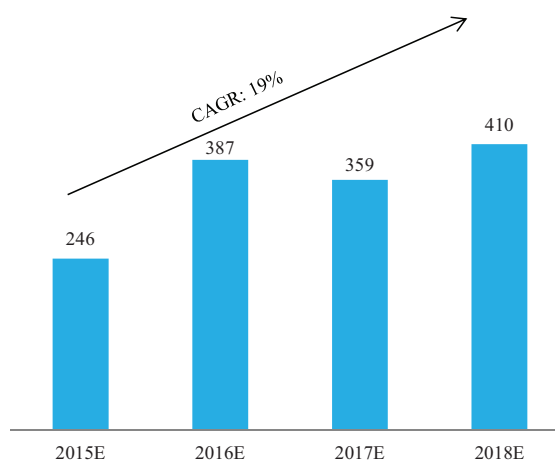
<sup>1</sup> Monopile demand in kilotons included in this Document is calculated as follows: the annual European offshore wind power capacity additions (typically expressed in megawatts or gigawatts) are divided by the average power rating of each turbine deployed to imply the number of new foundations required (source: MAKE, BNEF). These forecasts are typically presented by the year in which the projects are fully commissioned. Manufacturers of foundation components, however, typically produce and sell their products on average 1-2 years in advance of the date of full commissioning. As a result, to derive the number of foundations by manufacturing date these forecasts are shifted forward by on average 18 months (source: management calculation based on MAKE and BNEF). The number of foundations by manufacturing date multiplied by the assumed market share of monopiles implies the number of monopiles produced (source: Management estimates). Multiplying this figure by the estimated average weight of monopiles produced implies the total demand for the relevant year in kilotons (source: Management estimates). Finally, assuming that every monopile is accompanied by a transition piece, total demand for transition pieces in kilotons is derived by multiplying the number of monopiles by the average weight of a transition piece.

## Key drivers for forecasting market size

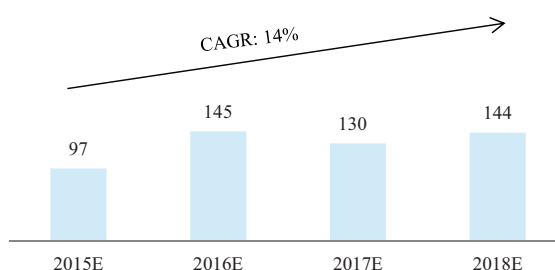


## Estimated market size for monopiles & transition pieces

### Europe monopile demand (kt)



### Europe transition piece demand (kt)

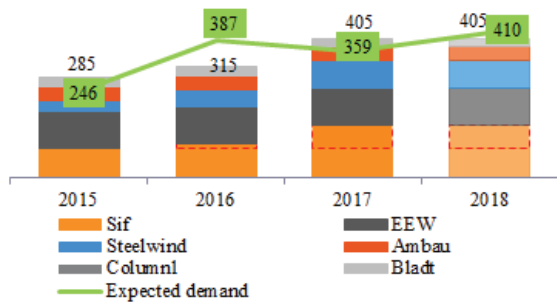


Source: Based on collection of forecasts from MAKE, BNEF and management

## Monopile supply demand development

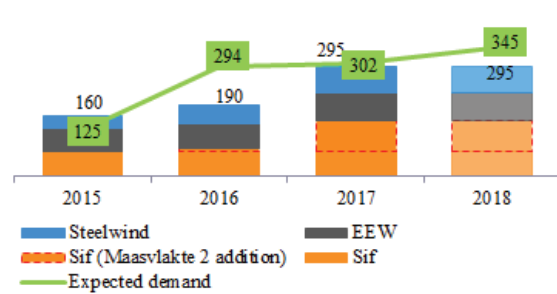
Current monopile production capacity is sufficient to meet total demand. However, XL monopile capacity is scarce as only three players have the requisite facilities to produce them.

**Expected total monopile capacity and demand (kt)<sup>1,2</sup>**



Notes:  
 1 Capacity figures are based on management estimates  
 2 Demand figures based on a collection of forecasts from third parties and management

**Expected XL monopile capacity and demand (kt)<sup>1,2</sup>**



## Outlook for Offshore oil & gas

### Key trends in the global oil & gas market

Global demand for oil has grown with a CAGR of 1.3% over the 1997-2014 period on the back of rapid economic growth in developing economies such as China and India, which has been partly mitigated by improved energy efficiency and the recent economic slowdown in Europe and the United States. (Source: EIA)

During the same period global supply has outpaced demand, displaying a CAGR of 1.4% over the 1997-2014 period with the United States and Iraq as main contributors to the increase in output during this period. (Source: EIA) Output in the United States has been driven by the growth in unconventional oil & gas whereas production in Iraq has increased due to improved geopolitical conditions in the region.

In response to an increasing US production, OPEC announced a volume-based strategy of maintaining 30 mmbbl/d of production in November 2014, thereby letting supply-demand imbalances be managed by the market and effectively ending OPEC's role as global oil market stabiliser.

Global gas supply has been following demand which has grown at a CAGR of 2.6% over 1997-2013. (Source: EIA) Regional price differences have been reduced due to the availability of Liquefied Natural Gas (LNG) since LNG can be transported over long distances and fill supply and demand gaps in global markets.

During 1997-2014, oil prices have been relatively volatile with prices for Brent crude oil as high as USD 140/bbl in 2008 and as low as USD 11/bbl in 1998. As a result of stabilised global demand and an increasing supply, oil prices have declined steeply as of mid-2014 from around USD 100/bbl to approximately USD 44/bbl per November 2015 (Source: Bloomberg).

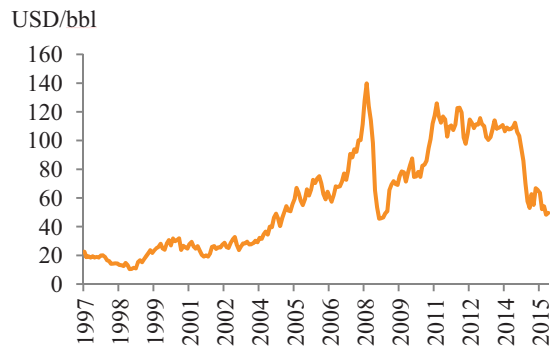
European gas prices have been slightly more stable showing only a slight drop for UK Natural gas and even an increase for Dutch gas as of mid-2014. This reflects the transition from oil-indexed pricing to hub-based pricing in Europe. Hub-based pricing is the result of the gas market liberalisation in Europe and basically creates a regional gas market place with spot prices.

### Outlook

In the near term oil prices are widely expected to remain at current levels as i) OPEC is not envisaged to change their volume based strategy and, ii) currently idle production capacity in, for example Iran and Libya, is coming online, putting additional pressure on short-term recovery.

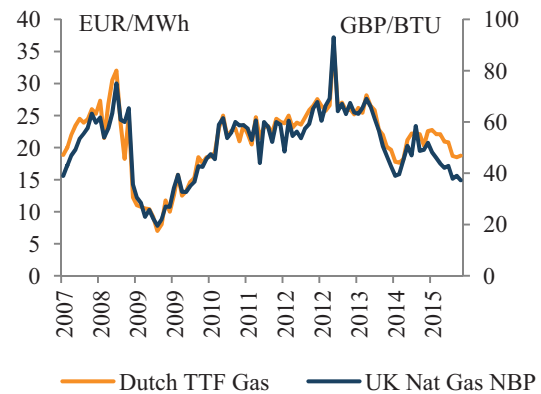
In the medium term management expects oil prices to recover on the back of a reduction in supply and improving demand. Decreased future supply is caused by oil companies delaying or cancelling investments in new projects that are economically unviable in the current price environment, while demand is expected to improve as a result of economic recovery in the US and Europe.

### Brent oil price development



Source: Bloomberg as of 30-10-2015

### Gas price development



Source: Bloomberg as of 30-10-2015

New exploration and production (E&P) projects in areas such as tar sands and the arctic region are expected to be postponed or cancelled until oil prices recover, while projects with lower total costs per barrel in, for example, the North Sea and the Middle East are expected to continue to some extent. In addition, fields that have been producing but are currently uneconomic with cash extraction costs above current oil prices, such as Canadian tar sands, are expected to be delayed.

An increase in global gas prices is anticipated as demand is expected to increase due to stricter climate change regulations. In addition, an increase in correlation is expected in global gas prices over the long-term, driven by an increase in LNG supply.

### North Sea oil & gas market

The North Sea continental shelf contains significant reserves and is the largest source of oil and gas production in Europe. Five countries, the Netherlands, Norway, UK, Denmark and Germany, have the right to award licenses for crude oil and gas production in the area. Major IOCs such as Shell, BP and Chevron next to NOCs (e.g. Statoil) have been active in the North Sea for decades along with several smaller, low-cost E&P companies. In recent years the number of companies involved in North Sea oil & gas has significantly increased.

### Outlook

While the North Sea is a mature and long-term declining market, in the short term investments are expected to continue. Investments in the North Sea could be supported by technological advances such as horizontal drilling, fracturing, improved seismic technologies, smaller cost-efficient platforms, wellhead optimisation, improved vessels for drilling and maintenance, horizontal drilling and better cost control. Furthermore, tax regimes are becoming more favourable. The UK, for example, have revised their petroleum tax regime for 2016 and is expected to reduce the petroleum revenue tax from 50% to 35%. As of 1 January, the supplementary charge on ring-fenced profits has been reduced from 30% to 20% (Source: gov.uk).

Oil & gas companies will need to reduce cost in particular for oil field development. While the North Sea basin is not the most expensive in terms of production cost per barrel and extensive infrastructure is in place, lower oil prices are expected to delay development in the coming years.

Despite this delay, oil companies continue to undertake major projects in the North Sea. For example, Maersk has major projects in execution in the North Sea such as development of the Culzean field and the planned expansion of the Tyra Southeast field. In addition, Statoil has started developing the Johan Sverdrup field by ordering four production platforms and jackets.

### Platforms and foundations

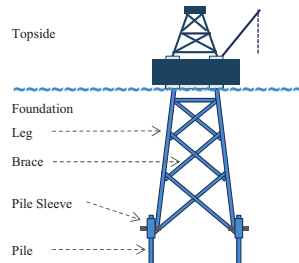
The market for platform construction is driven by E&P spending on both greenfield (new platforms) and brownfield (replacement platforms) projects. Platforms to be constructed in relatively shallow water depths (up to 500m) usually comprise a jacket type foundation, in deeper waters different types of structures such as subsea installations or suction-based foundations are used. The North Sea is expected to see a relatively large share of fixed platform foundations over the period 2015-2025, due to its generally shallow water depths of less than 200m.



### *Customer purchasing behaviour*

Construction of platforms is generally outsourced by oil companies to EPCs (as defined below). EPCs involved in platform construction subcontract parts of the platform (such as the topside and jacket) to a select number of specialised construction companies. There are three basic sourcing strategies: single sourcing ('one-stop-shop'), best-of-breed (major components by separate suppliers) or multi-sourcing (each segment of the platform is given to multiple suppliers). The most common strategy is "best-of-breed", by which different jacket components (i.e. legs, braces and (pin)piles) are supplied by different specialised manufacturing companies.

#### **Oil & gas jacket foundation**



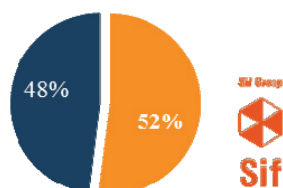
Source: Roland Berger Report

Quality and reliability are of utmost importance in EPC project delivery as contracts are mostly awarded based on track-record. Other important purchasing criteria are technical specifications/quality and, to a lesser extent, price and location

### *Key players and competitive positioning*

The Group is active in a niche market both in terms of products as well as geography. The Group has strong relationships with EPC contractors. In addition, the Group can economically produce parts for jackets and piles for European production facilities. The Group produces piles, pile sleeves and legs for larger jackets (jackets weighing over 8,000 tons) as these require the Company's specific competence in large tubular steel structures. Most of the companies active in oil & gas platform foundation fabrication for the North Sea focus on offering a one-stop-shop solution to their customers with the production of full scope jackets in the lighter weight segment (jackets weighing up to 8,000 ton). Only two companies (the Group and EEW) manufacture piles, pile sleeves and legs for larger weight structures. Based on 2012-2014 averages, Sif has a market share of approximately 50% in this market. The market share shows substantial fluctuations over the years due to the project character of the business. (Source: Roland Berger Report).

























## Market share - large oil & gas tubular component products (average 2012-2014)



Source: Roland Berger Report

The Group is a trusted supplier for major oil & gas companies and oil & gas contractor firms including Kvaerner, Saipem, Dragados and Heerema. To date, the Group has delivered legs and piles for all major projects in the North Sea basin for companies like Maersk and Statoil. The Company expects to be able to continue to produce, and is currently producing, for large projects such as Culzean and Johan Sverdrup.

### Major competitors of Sif

	Foundation size		Offshore E&P	Key customers
Player	Light	Heavy	Breadth of prod. portfolio	Key Customers
 <b>Sif</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Niche player</b> - limited scope of jacket tubulars, produce heavy and thick-walled legs, pile sleeves and piles for large offshore foundations	    
 <b>Eisenbau Krämer</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Full product portfolio</b> - produce full scope of jackets, such as steel pipes and cones for legs, bracings, piles and pile sleeves, both thick- and thin-walled	     
 <b>Eisenbau Krämer</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Broad product portfolio</b> - produce full scope of jackets, such as tubular structures, cans, legs, piles, bracings, conductor piles, risers, tethers mainly thin-walled. Only very limited thick-walled capacity	   
 <b>Steel Flower</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Broad product portfolio</b> - produce full scope of jackets, such as cans, bracings, jackets, piles, caissons, conductor pipes, and construction pipes mainly thin-walled. Only thick-walled capacity	    

Source: Roland Berger Report

## 10. BUSINESS

### Overview

#### *General*

The Group is a leading manufacturer of large steel tubulars which are used as foundation components for the offshore wind and offshore oil & gas industries. The Group is a Dutch company with facilities located in the Netherlands. The Group primarily produces monopiles and transition pieces and piles that are used to anchor jacket foundations in the seabed for offshore wind, as well as piles and the main legs of the larger jackets for oil & gas, as well as tubular structures for various uses such as jetties. The monopile consists of a large tubular structure, typically with conical sections to reduce the diameter from the bottom to the top. Jacket foundations consist of legs welded together with bracings and anchored with separate pin piles, which are hammered into the seabed. Its products are customised based on the specific needs of a customer with respect to the design of the product.

Geographically, the Group's core markets are the UK, Germany, Belgium, Denmark, the Netherlands and France. The Group's products are predominantly installed in the greater North Sea region. Based on numbers of monopiles produced, the Group served approximately one-third of the European offshore wind market and based on large tubular foundation components for oil & gas on average approximately 50% of the offshore oil & gas market between 2012 and 2014 (source: Roland Berger Report), according to the Group's management. Having produced more than 1,200 monopiles for the offshore wind market, the Group has accumulated extensive experience in a wide range of applications based on cost competitiveness and continuous innovation of machinery and processes. Additionally, the Group has a solid track record in quality and on-time delivery, has historically been financially stable, including throughout the global financial crisis and the subsequent lack of banking appetite to finance offshore wind projects, and has strong cooperative arrangements in place with steel plate supplying partner Dillinger Hütte and transition piece outfitter Smulders, part of the Eiffage group, which it believes helps to ensure quality and reliability of its input material.

Due to its efficient production techniques, the Group is able to process large volumes of steel. Furthermore, the Group believes that timely investments in new technologies, high-quality and efficient facilities, and the competence and experience of its employees, have enabled it to gain a strong foothold in the offshore wind and oil & gas markets in North-Western Europe. Operating in these dynamic markets requires continuous improvement and flexibility of the manufacturing process in order to build durable tubular solutions. The Group's management develops continuous improvements that reflect customers' demands and expectations. The Group's automated production lines are designed in-house and equipped with advanced technologies such as a four-head, four-wire welding machine. These production lines along with demanding quality assurance methods allow the Group to ensure reproducible quality and consistent productivity throughout each project.

In offshore wind, the Group is a leading manufacturer of monopiles and primary steel for transition pieces, and is also active as a tubular supplier for other types of foundations in use by the industry: piles for jackets or tubulars for gravity-based or suction-based foundations. In its existing facilities at Roermond and Flushing, the Group produces monopiles of up to 9m in diameter, with a maximum length of 75m and a maximum tube weight of approximately 1,200 tons. This enables the Group to provide monopile solutions for waters with a depth of up to 40m, depending on factors such as soil conditions. Recently, the Group provided monopile and transition piece solutions for, amongst others, Humber Gateway (a 219 MW offshore wind farm located 8km east of Spurn Point off the coast of the East Riding of Yorkshire, England, owned by E.ON.) and Gemini (a 600 MW offshore wind farm located 85km north of the Netherlands owned by HVC Groep, Northland Power, Siemens Financial Services and Van Oord). Other customers include E.ON, Statoil, Vattenfall, Deme/Geosea and Seaway Heavy Lifting.

The Group continuously invests in production equipment, in particular to increase its production capacities to produce XL monopiles and to increase the level of automation. The latest investment, which is currently in progress, comprises modern dual assembly lines that join monopile sections to a complete monopile and a multi-bay coating facility at its new facilities at the Maasvlakte 2 in the Rotterdam harbour. This facility will enable the Group to complete, deliver, store and load XL monopiles up to 11m in diameter, 120m in length and up to 2,000 tons in weight. The Group estimates an increase in installed annual theoretical production capacity of approximately 30% from 225 ktons to 300 ktons per year.

The Group also manufactures large and complex steel tubulars for the oil & gas industry. The Group's expertise is primarily focused on jacket tubulars, including jacket legs, launch legs, bracings,

pile sleeves and piles, but also jack-up legs, anchor/mooring piles, internal ring stiffeners, attachments and clad structures. Jackets are steel structures used in the oil & gas market supporting, for instance, oil platforms. Jackets are fixed to the seabed using piles that are hammered in the seabed. Oil fields for which the Group provided solutions recently include Mariner Field (150km east of the Shetland Islands, United Kingdom) and Noviy Port (Noviy Port, Russia). Customers include Kvaerner, Dragados, Heerema Fabrication Group, OGN Group and Kvaerner.

In addition to the offshore wind and oil & gas business lines, the Group also manufactures parts for machines and civil engineering projects. For example, the Group produced all the tubulars used in the Maeslant storm surge barrier and it produced tubular structures used in the London Eye and the Brighton Tower. The Group also produces foundations for jetties, which are mooring platforms for large ships.

In 2014, contribution (defined as revenue minus cost of sales) amounted to EUR 83.6 million (2013: EUR 85.3 million, 2012: EUR 70.4 million), and at nine months ended 30 September 2015, contribution amounted to EUR 69.7 million (2014: 60.9 million). Management considers contribution to be a better indicator for the performance of the business than revenue, since revenue is impacted by fluctuations in the cost of steel and by third-party and subcontractor services, which are both passed on to customers at no or a limited margin. In 2014, gross profit amounted to EUR 56.8 million (2013: EUR 51.7 million, 2012: EUR 40.6 million), and at nine months ended 30 September 2015, gross profit amounted to EUR 49.6 million (2014: EUR 41.9 million).

As of 30 September 2015, the Group employed 199.2 FTEs. In addition to its permanent workforce, the Group hires temporary staff to enable it to adjust its workforce to fluctuations in production volumes at short notice. As of 30 September 2015, the Group had around 254 temporary employees.

The Group's business is organised into three business lines and operates through the following three main business segments: (i) offshore wind, which accounted for EUR 58.4 million, or 70%, of 2014 contribution; (ii) oil & gas, which accounted for EUR 24.8 million, or 29%, of 2014 contribution; and (iii) 'Other', which accounted for EUR 0.4 million, or the remaining 1%, of 2014 contribution.

### ***History of the Group***

The Group was established in 1948 as a metalworking firm. In 1961, it opened a production facility for large steel vessels in Helden, the Netherlands. During the 1970s, the Group increased its focus on foundations (sleeves, piles and legs) for the oil & gas industry and large pressure vessels. The need for larger production facilities located on a large river prompted the Group to move to new facilities at Roermond in 1972. From 2000, the Group was able to capitalise on the increase in the market for offshore wind in addition to oil & gas: it was a first mover in monopiles and transition piece fabrication. The Group was able to enter into this new market because the Group was already specialised in two of the required capabilities: rolling and welding of thick steel plates. In 2005, Egeria Capital B.V. acquired an 82.5% interest in the Group (indirectly held through an 82.5% interest in the Selling Shareholder) and has since made a significant contribution to further redefine the business and fuel growth, particularly in offshore wind. The remaining 17.5% is held by founding family members and former management. From 1972 to 2014, the production facilities in Roermond were extended to cover over 100,000m<sup>2</sup> and 13 production halls, allowing theoretical maximum capacity to increase to 225 ktons. In August 2015, the temporary facilities at Flushing for field welding and coating of monopiles were set up. Also in June 2015, agreements regarding the establishment of two temporary rights of sub-leasehold were signed for the expansion to Maasvlakte 2, allowing the Group to begin expanding its theoretical maximum capacity to 300 ktons.

### **Competitive strengths**

The Group identifies the following key strengths of its business:

#### ***Unique proposition based on the high growth European offshore wind market***

The European offshore wind market is expected to continue to grow strongly in the coming years according to MAKE and BNEF. Their average forecast CAGR between 2016 and 2020 for expected annual European offshore wind installations in GW is 42%. There is a strong visibility of the projects that are in the industry's pipeline for the coming years. Approximately 82% of the projects that will be constructed between 2016 and 2017 are either already under construction or have secured financing. In addition, approximately 66% of the current pipeline of projects for the period between 2018 and 2020 already acquired the necessary permits for commencing the construction of wind farms.

Financing offshore wind farms is well established with a strong track record and multiple financing options are available. This resulted in the highest investment in offshore wind to date in 2014, an increased use of project finance and non-recourse debt and a broadening of the equity investor base with the entry of new competitors including pension funds, private equity parties, sovereign wealth funds and independent power producers.

Greater maturity of the wind market is also shown by the policy reforms in key markets of Germany, the Netherlands and the United Kingdom in the second half of 2014 and 2015, which provide greater visibility on the project pipeline going forward. Furthermore, policy targets for 2030 have also been set throughout Europe.

Finally, the cost effectiveness of the offshore wind energy solution has been improving, with development costs declining. Industry confidence in this trajectory is illustrated by Horns Rev 3, for which Vattenfall recently won the tender at EUR 103 / MWh; close to the per 2020 targeted Euro 100 / MWh and 32% lower than Denmark's previous tender.

As a strong player in the offshore wind market, the Group is well placed to benefit from the healthy prospects for the market in general in the coming years.

***Monopiles are the industry standard foundation, set to continue with XL monopiles, driving strong market growth***

Within the growing offshore wind market, monopiles dominate the market for foundations. According to EWEA, monopiles account for 91% (2013: 79%, 2012: 73%) of market share based on actual number of installed foundations, compared to jackets with 8% (2013: 6%, 2012: 13%) and other foundations (tripod, tripile and gravity based) 1% (2013: 15%, 2012: 14%).

The monopile solution is the preferred option of the Group's customers due to superior economics and its track record, which makes it the industry standard and creates familiarity with the installation process. Jackets are still a good solution for waters with a depth of over 45m or lesser water depths with tough soil conditions, but remain expensive, also due to their relatively labour-intensive manufacturing process. Similarly, tripods and tripiles are even more expensive, labour intensive and, in addition, require large quantities of steel. Finally, gravity-based solutions are an option for shallow waters with difficult soil conditions, but the large size of the product and required additional pre-conditioning of the seabed makes it difficult to install and therefore installation costs are high.

As a result, by way of example, for fully installed foundations in water depth of 25m, port distance of 10km and turbine size of 6MW, the Group's management estimates the cost of a monopile to be approximately 18% lower than a jacket foundation, with an average cost of EUR 4.3 million versus EUR 5.2 million for a jacket. MAKE estimates that for a 400MW project in 40 – 60m water depth that monopiles are 24% cheaper than jackets.

This advantage is set to continue in relation to XL monopiles, which are larger than traditional monopiles, with diameters of at least 7m, lengths of at least 75m and weighing at least 900 tons. The trend towards XL monopiles is driven by a number of factors. There is an on-going trend of projects being built in ever-deeper waters, and this trend is expected to continue. Specifically, the average depth of new offshore projects shows an increasing pattern, from 28m in 2016 to 34m 2022. Also, according to MAKE, on average, turbines are expected to get larger year on year, from 5.8 MW in 2016 to up to 7.1 MW in 2020. Larger turbines require larger foundation structures suitable for heavier loads. The XL monopile is capable of addressing the requirements for building wind farms with larger turbines in deeper water. XL monopiles are now a proven solution for depths of up to 40m, depending on the turbine size. In addition, the majority of the projects up to 2022 are expected to have soil conditions conducive to XL monopiles.

This trend is expected to result in XL monopiles replacing jackets as the preferred solution in deeper waters. Based on number of monopiles, management expects the share of XL monopiles relative to regular monopiles to increase from 51% in 2015 to 84% in 2018. This trend is illustrated by the Galloper (25-39m water depth) and Walney (19-28m water depth) projects, which have switched from jackets to XL monopile foundations.

As a result of these trends and the fast-growing offshore wind market, monopile demand is set to continue to grow rapidly, with a CAGR of 19% with respect to overall European monopile demand between 2015 and 2018, while demand for XL monopiles is set to grow faster with a CAGR of 40%. Demand for transition pieces is set to exhibit a CAGR of 14% in that same period.

The Group's strong presence in the (XL) monopile market enables it to take advantage of the (XL) monopile as the preferred offshore wind solution in the market.



For more information on the markets in which the Group operates, please see 'Industry'.

***The Group is a leader in a consolidated industry, characterised by high barriers to entry***

The Group is a leading producer of monopiles for the offshore wind sector. Based on numbers of monopiles produced, the Group served approximately one-third of the European market between 2010 and 2014 (source: Roland Berger Report). The Group successfully leveraged its leadership in oil & gas offshore foundations to become a leader in monopile foundations, comprising monopiles and transition pieces for the offshore wind market. Thanks to its 40 years of experience in oil & gas for offshore foundation components, the Group was able to enter into this new market because it was already specialised in two of the required capabilities: efficient rolling and welding of thick steel plates and assembling large tubular steel structures in an efficient manner.

Since 2000, the Group produced over 1,200 monopiles whereas main competitors EEW and Bladt together produced just over 800 (source: BNEF).

The Group believes that its reputation for on-time delivery and high quality is essential to its success. It is committed to providing heavy steel tubulars of high quality and to deliver on time in order to meet installation schedules as required by its customers, with no room for errors. This track record enables the Group to retain its customers. As a result, long-term relationships have formed with leading utility companies and EPCI contractors such as E.ON, Heerema, Kvaerner, Van Oord, and Deme/GeoSea. The long-term nature of these relationships and importance to customers of a strong track record make it very difficult for new entrants to successfully enter the market.

The Group's planned expansion to Maasvlakte 2 will increase the Group's production and storage capacity for increasingly large projects. This is a critical customer requirement due to their preference for a single source per project.

***Attractive business model offering high visibility, flexibility and capital efficiency***

*Visibility*

The order book of the Group provides strong visibility on the expected revenue for 2016 and 2017. The Group has an offshore wind backlog of approximately EUR 313 million (or 157kton) in its present firm order book, which relates to projects that will be produced in 2016. EUR 35 million revenue (or 16kton) is already visible in the pipeline for 2017.

Projects that were under construction in 2015 include Westermeerwind, Gemini, Dudgeon and Rampion. This led to a total offshore wind order book in 2015 of 126kt in production volumes and EUR 259 million in revenue. Production for projects Dudgeon and Rampion will continue into 2016 and final delivery is expected in May or June 2016. The Group will also produce for project Galloper in 2016 and 2017. For more information on these projects see below under 'Customers'.

In addition, the Group currently has 29kt of backlog in the oil and gas division in 2016.

To estimate and control costs of projects, the Group uses a cost calculation system based on a manufacturing simulation model. This system simulates costs relating to a potential project as it is based on historical optimised production techniques built on years of in-house experience based on historic optimised production techniques and related services. The model also helps optimise the planning of the production process.

Prior to entering into a final agreement with the customer on the price of its services, the Group obtains a quote from its suppliers for the price of its raw materials, being primarily steel. The Group then adds the price of the raw materials to the price charged to the customer, at no or a limited margin. Similarly, the Group obtains quotes from its sub-contractors and adds these prices to the proposal offered by the Group to its customer. This allows the Group to pass-on cost of raw materials and third-party service cost to the customer.

*Cost leadership and flexibility*

The Group believes it is a cost leader in the industry and places a great emphasis on ensuring it maintains this position in the future. By way of example, the Group believes that its in-house welding capabilities provide it with a significant competitive advantage over its competitors. In using up to four heads and four wires techniques in a single set-up operated by one welder, the Group is, to its knowledge, unique. Other producers typically require one welding operator per head. In addition, the welding performance is extremely accurate, reducing the need to redo the work to a minimum. The welding processes and the equipment used in the welding processes have been developed in-house by the Group and are subject to continuous improvement. The Submerged Arc welding technique



provides the ability to reach 28kg/h welding capacity versus 600g/h of an experienced manual welder. Finally, the narrow gap welding technique developed over the years allows the Group to reduce the welding volume by at least 10% compared to a normal 'V' welding opening. The Group's management believes that its welding reaches one of the highest levels of efficiency in the industry due to its in-house developed welding techniques. Such efficiency translates into a higher cost effectiveness, as both time and workforce requirements are reduced.

In addition, the Group focuses on high value-added production such as rolling and automated welding and outsources services that are not directly within their field of expertise such as outfitting of transition pieces and coating.

As per 30 September 2015, 55% of the Group's workforce consisted of temporary staff, which continues to enable the Group to adjust its workforce to fluctuations in production volumes at short notice.

#### *Capital efficiency*

Finally, the Group's financing structure of projects allows for a high level of capital efficiency. Due to the fact that working capital is typically pre-funded by customers, the Group does not need to reserve significant amounts of working capital that could be expected for such large scale projects. Also, due to the fact that the Group outsources lower return parts of the value chain to subcontractors (e.g., coating), it can focus on its core competence of rolling, welding and assembly of large steel tubular structures, with the associated higher returns.

Specifically, the Group's operating working capital (composed of inventories, work in progress-amounts (due to and from customers), trade receivables, prepayments and trade and other payables) had a small positive balance of EUR 16.1 million on 30 September 2015 (30 September 2014: a negative balance of EUR 15.5 million, 2014: a negative balance of EUR 5.0 million, 2013: a negative balance of EUR 6.8 million, 2012: a positive balance of EUR 9.7 million), reflecting a limited net exposure to working capital requirements.

#### ***A strong position offering the potential to capture market growth with new twin XL production lines and facilities***

Within the monopile market as a whole the increase in demand, expressed in tonnage, could be provided by the current main producers of monopiles: the Group, EEW, Steelwind, Ambau, Idesa and Bladt. However, capacity for producing XL monopiles with a diameter of 7m or more is expected to be more scarce, as only the Group, EEW and Steelwind currently have the material capacity to produce XL monopiles. This may lead to under capacity in the industry as of 2018 and an inability to address demand.

There are significant barriers to entry for the XL monopile market. Aspiring entrants must make significant investments to construct production facilities suitable for large scale XL monopile production. In addition, the entrant must have or obtain the required knowledge and experience to effectively and efficiently produce XL monopiles, which is scarce as only a few market participants have experience in producing XL monopiles. Relatedly, customers value a strong track record in continuous quality and reliable delivery time, such as the Group has developed over time, and it is difficult to obtain a market position without such a track record.

The Group is well positioned to cater to a large share of the demand for XL monopiles. This is primarily the result of the expansion of its XL monopile production facilities to Maasvlakte 2, which is currently under construction.

With a capital expenditure of approximately EUR 72.9 million in both the existing Roermond facilities and the facilities to be built at Maasvlakte 2, the Group expects to have increased its theoretical production capacity from 225 ktons to 300 ktons by the third quarter of 2017. Ultimately, the Group expects to be able to produce monopiles with diameters up to 11m, at a length up to 120m and weighing up to 2,000 tons each. 230 ktons (currently 155 ktons + 75 ktons addition in Rotterdam) of its total 300 ktons/annum maximum production capacity would be suitable for XL monopiles and primary steel for transition pieces.

<b>Theoretical production capacity (kt)</b>	<b>2014A</b>	<b>2017E</b>
XL monopiles	75	150
Monopiles & Transition pieces	80	80
Oil & gas	70	70
<b>Total</b>	<b>225</b>	<b>300</b>
<i>of which total Monopiles (incl. XL)</i>	<i>155</i>	<i>230</i>

Source: Sif

The Maasvlakte 2 facilities are planned to consist of twin production lines, enabling production of up to 4 XL monopiles per week, depending on the size of the XL monopile. This is significantly more than current capacity of its competitors, allowing the Group to accept multiple orders, larger orders or larger parts of orders in shared production projects and/or to produce at shorter delivery time for a project.

Furthermore, the location of the facilities at Maasvlakte 2, with logistics and access to the offshore wind farms in the territories of the Netherlands, the United Kingdom, Belgium, France and the west coast of Denmark allow the Group to offer its customers efficient access to the products of the Group. The 400m quay at the Maasvlakte facilities is planned to have sufficient space for two installation vessels to collect monopiles at the same time. The Maasvlakte 2 facilities include storage facilities up to 30 hectares for finished products, which is expected to provide continuing production and to facilitate customers to collect products within a short timeframe.

The assembly facility will be provided with all required cans and cones by the Roermond facilities. In Roermond, the plates are rolled and welded into cans and cones. In addition to the expansion of the assembly capacity, the Group expects to enlarge and optimise the production capabilities and flow for cans. As assembly, conservation and storage of cans and cones or monopiles will be located at Maasvlakte 2, more floor space is expected to become available in Roermond, which enables the installation of two additional rolling machines (in addition to the current number of five) and additional longitudinal welding equipment. Furthermore, a new coating facility is scheduled to be built at Maasvlakte 2, based on recent customer requirements and providing an optimal environment for blasting, cleaning and coating of large tubulars for offshore wind and oil & gas, which is expected to improve efficiency and quality of the coating process. Finally, flange fitting and storage, which currently is performed in a rented Roermond facility, is expected to be relocated in-house in early 2017.

#### ***Strong position in oil & gas tubular components, with flexibility to deploy capacity to other markets***

The Group has a strong market position in the North Sea oil & gas market, with an average market share of 52% between 2012 and 2014 in large and heavy steel tubular components. According to market participants, the Group obtained this position through reliability, quality and timely deliveries. In addition, the Group has a strong relationship with certain key customers such as Statoil, Kvaerner, Maersk, OGN Group, Dragados, Heerema Fabrication Group, ConocoPhillips, PremierOil and Saipem.

The Group has a strong outlook in the near term, as its order book for 2016 is 29 ktons. Orders are included in the order book once the letter of intent is received. The current visibility for the order book for 2016 is encouraging taking into account that visibility of the order book in the oil & gas market beyond six months is generally difficult.

Despite the current challenging environment, oil companies continue to undertake major projects in the North Sea. For instance, Maersk has major projects planned in the North Sea including Culzean and the Tyra Southeast expansion and major recent project announcements from Statoil included Johan Sverdrup, Johan Castberg and Snorre 2040. The Group has delivered, through the main yards in Europe, legs and piles for nearly all large offshore investments developed by Statoil and Maersk over the past years and expects to be able to provide its products for such key customers in the coming years. New developments to enhance production from mature fields may also lead to new investments that require the Group's products.

The Group has also identified a number of future trends within the oil & gas market that provide opportunities to grow its addressable market. For instance, the Group is further exploring supplying

complete kits of parts, including bracings for jackets. The Group becomes better positioned as the size of the tubulars for jackets is growing. The combination of these larger size tubulars with bracings allows the Group to offer its customers an all-in supply solution. Also, the Group is closely watching new developments to enhance production from mature fields by using new techniques such as Polymer injection.

A potential new growth market is the development of large jackets in cold areas. These “arctic” jackets are expected to be installed by oil companies in arctic areas in the future. The demand for these jackets is not restricted to yards currently served by the Group. In collaboration with Dillinger Hütte, which occupies a metallurgical leading position in arctic steel, the Group is in the process of developing solutions to meet these specific conditions.

The production capabilities of the Group that are used for the oil & gas products also allow deployments in other markets. The Group is exploring opportunities to become a cost efficient producer of piles for offshore wind jackets or heavy tubular solutions for other purposes. This could include tubulars for floating foundations for offshore wind and piles for other applications such as jetties, which the Group already occasionally produces.

#### ***History of profitability and strong return on capital employed***

Over the past three years, the Group has reported a strong increase in EBITDA<sup>2</sup> from EUR 33.5 million in 2012 to 45.7 million in 2014, representing a CAGR of 17%. In addition, due to the group’s leading business model and strong capital efficiency, it has also achieved strong cash conversion levels, which have averaged 62% over the years 2012-14 and high returns on capital, which have averaged 40% ROCE<sup>3</sup> over the same period. This is of course subject to fluctuations on a month-to-month basis as a result of the project oriented nature of the Group’s business. For more information on the Group’s financials, please see ‘Operating and financial review’.

#### ***Management team with deep industry experience***

The management team of the Group has more than 100 years of aggregate relevant industry expertise in the oil & gas and offshore wind markets and its production expertise which allows them to effectively and efficiently address the needs of customers, identify opportunities and threats in the market, develop new market positions and produce high quality, cost competitive products in time.

The Group’s CEO, Jan Bruggenhijs, who is a mechanical engineer, has been working for industrial companies for over 36 years starting in 1979 to become an experienced leader in international technical project environments. His expertise includes strategy implementation, international sales in relation to multi-billion contracts, international project management, organic and strategic growth (M&A) and forming joint ventures to grow.

Boudewijn Nijdam (CFO) has a broad range of experience in several positions as CFO, for example with Damen Schelde Naval Shipbuilding and Strukton Bouw & Vastgoed. He also has experience as a general manager.

Over the years, Michel Kurstjens (CCO) acquired 24 years of technical and international sales experience, sales management and general management experience in various technical niche companies. Aligning market opportunities and internal operations has led to the growth of profit and revenue of the companies he has worked for throughout his career.

Luc De Proost (COO) (civil engineer in architecture) has been involved in wind energy for over 31 years.

#### **Strategy**

The primary mission of the Group’s management is to be a customer focused Dutch manufacturer of complete steel offshore foundations and components therefor. The Group’s market focus is on wind power and oil & gas production installations delivered mainly in Northwest Europe. The Group targets customer satisfaction by offering flexibility, achieving timely delivery within agreed quality specifications and financial budgets. The Group strives for a safe work environment and cost reduction through continuous improvement and innovation of its products and processes.

<sup>2</sup> EBITDA is defined as operating profit whereby the depreciation & amortisation are added back. EBITDA is not a measure of liquidity or performance calculated in accordance with IFRS and should be viewed as a supplement, not a substitute for, the Group’s results of operations presented in accordance with IFRS.

<sup>3</sup> ROCE is “return on capital employed” and is calculated as EBIT divided by capital employed. EBIT is calculated as the operating profit and capital employed is calculated as total equity plus loans and borrowings.

The Group's vision is to be the leading supplier of offshore tubular steel structures and components for large dimensioned foundations based on the most efficient production facilities. The Group aims to exceed its customers' expectations in terms of quality, innovation, safety and services. The Group is currently predominately active in Northwest Europe, while also actively expanding its business internationally, based on existing in-house expertise and equipment. The Group attracts highly qualified personnel, suppliers and other business partners by operating in a stimulating and rewarding environment.

With the above-mentioned mission and vision in mind, the Group strives to achieve its goals through a comprehensive strategy. The Group's management distinguishes three phases for which it identified specific targets: the short term (2016-2017), the medium term (2018-2020) and the long term (after 2020). Throughout these phases the Group will remain focussed on continuous innovation. Please note that the below is subject to change. Please also see 'Important information – Forward-looking statements'.

#### ***Short term – Defending and extending current business***

In the coming two years, the Group expects to implement its investment programme whilst continuing to realise projected results in order to lay a solid foundation for the following three years.

#### ***Start production at new facilities in Maasvlakte 2 and realise full production availability***

In October 2015, the first foundations were put in place for the new assembly facilities at Maasvlakte 2. At first, the Group expects to install a new assembly line, which will start up production in the third quarter of 2016. Once this line is functioning reliably, the present second line will be moved from Roermond, upgraded and installed in the new facilities. At the same time, the production facilities for cans and cones in Roermond will be upgraded. Full production capacity is expected to be achieved by late 2017. The construction of the facilities for coating will start in the second quarter of 2016. Port of Rotterdam Authority will start building quays in late September 2016. The Group aims to start coating in the third quarter of 2016. The Group expects to end production at the temporary facilities at Flushing no later than in the fourth quarter of 2016. Storage and handling of the products will be possible as of the third quarter of 2016. The last 200m section of the 400m offloading quay is expected to be ready no later than October 2017. In early 2017, the Group expects to move the second assembly line from Roermond to Maasvlakte 2 for production of oil & gas and transition pieces.

#### ***Win additional large monopile offshore wind projects***

The Group attaches great importance to gaining early knowledge of projects that will come into the market, in particular for monopiles. In order to create a stable platform for production during the construction and change of the production facilities, the sales management team will strongly focus on tracking and winning the projects that fit the Group's production capacity as much as possible during this period of transition. One project is expected to be specifically for production in the second half of 2016 and the other for the first half of 2017. As of mid-2017, the production levels can be increased again and sales management will focus on market opportunities meeting the higher production capacity available at the time. In this way, the Group's management aims to avoid jeopardising the long-standing track record of the Group in delivering high quality products on time.

#### ***Achieving top-level customer relationships***

The Group's management expects to increase its involvement in the top level decision making processes within its customers organisations, meaning that the Group's management must continue to build and/or strengthen these relationships, making it possible to better participate in and/ anticipate new developments of the customers' production methods or products.

#### ***Developing local content activity in the United Kingdom and France***

The Group is facing strong pressure from local authorities in the UK and France to produce as much as possible of the offshore wind farm components within the countries in which such offshore wind farms will be installed. For monopiles and primary steel producing locally would be difficult as capabilities for these products are available only to a limited extent, but it could take place for secondary activities at present performed by the Groups sub-contractors and/or partners. The Group will explore possibilities to realise partnerships that are economically viable in such countries.

#### *Optimising the European sales channels*

The Group is continuously monitoring its sales channels and improving its effectiveness by either investing in present channels or changing to new channels that fit the new initiatives of the Group to the specific market segments of offshore wind and oil & gas.

#### *Further reducing the welding opening*

Over the years, the Group has focussed on reducing the size of the welding gap (narrow gap) in an incremental fashion. This allows the Group to reduce the quantity of welding to be performed. The Group management will remain focussed on retaining this competitive edge during a period of time-consuming investments and new production lines that are to be implemented.

#### **Medium term – Realising growth in designated markets**

In the medium term, the Group will focus on achieving growth in designated markets. In order to do so, the Group identifies the following goals:

##### *Achieving full production at the new facilities in Rotterdam*

In late 2017, the new and upgraded facilities are expected to be available for production. By constantly optimising the facilities, production processes and equipment, the Group's operational management will have to ensure that the expected maximum capacity is available for production and to determine how to increase levels further above current expectations on production.

##### *Securing contracts for the Dutch offshore wind farms*

In 2017, new Dutch offshore wind farms on monopile foundations will be subject to a tender. The Group is focused on continuing to be the major supplier to the developers of these farms. The Group's sales management team will focus on winning these projects that are located close to each production facilities, which would enable the Group to fully make use of the prime Maasvlakte 2 location.

##### *Developing a position in the non-European offshore wind market*

The Group is currently performing extensive market studies, which will enable the Group to develop a plan to step into viable markets outside Europe in the coming years.

##### *Developing innovative businesses in the oil & gas and offshore wind segments*

The Group will actively set up new initiatives in relation to its European network leading to innovative and/or cost optimising solutions in relation to steel tubular products or components.

##### *Developing a relationship with a second steel supplier (if necessary)*

The Group is continuously evaluating the competitiveness of its present steel plate supplier and partner Dillinger Hütte. Currently, the total costs and quality of the steel delivered by Dillinger Hütte do not require the Group to actively develop strong relationships with a second supplier. At times, the Group already uses a second supplier for smaller projects and the Group is evaluating opportunities to increasingly engage such parties. Therefore, the Group's management expects due that a second supplier will have to be considered during this strategic period, also with a view to a possible position of the Group outside Europe.

#### **Long-term objectives – Expanding further to achieve growth**

The long-term objectives of the Group include establishing production in a non-European country, maintaining their number one recognition as tubular steel producer in Europe and the chosen non-European market and producing non-monopile foundations.

#### **Products and production process**

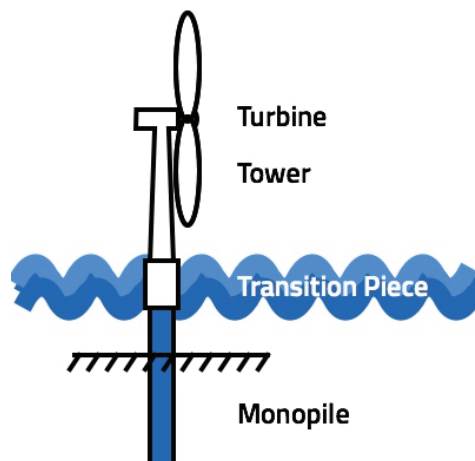
##### **General**

The Group's primary products are monopiles, transition pieces and tubular structures for jackets. Monopiles can be further divided into regular monopiles and XL monopiles.



## **Products**

### *Monopiles and transition pieces*



Wind turbines based on monopiles generally consist of four parts: a turbine with blades, a tower, a transition piece and a monopile.

The latest turbine models (Wind Turbine Generators) have outputs ranging from 6 to 8 MW. The main suppliers of turbines are Siemens (7MW which is an upgraded 6 MW model), MHI Vestas (8MW), Senvion (6.2 MW) and GE/Alstom (6 MW). Rotor diameters range from 135m up to 164m.

The tower consists of a steel tubular structure, connected by flanges (steel rings to join steel sections), to support and provide access to the nacelle, the part containing the majority of the components of the wind turbine, such as the gearbox (if used), generator and main frame, and houses control and electrical equipment. It is uniformly tapered, with a 4-5 m diameter at the top and 6-7m at the base for a 6MW turbine. Suppliers include Ambau, Windar and in-house facilities by turbine manufacturers.

The tubular section of the transition piece slides over the top of the monopile and is bolted and grouted into place to obtain a perfect vertical and the desired height above sea level. The transition piece is equipped with “secondary” steel such as access ladders and J-tubes (cable conduits) that are installed mainly onshore. The Group’s partners typically work in joint ventures or tripartite contracts to supply complete transition pieces.

The monopile itself consists of a large tubular structure, with one or more conical sections to reduce the diameter from the bottom to the top. Currently, the Group produces monopiles of up to 9m in diameter, with a length of 75m and a weight up to 1,200 tons. This enables the Group to provide monopile solutions for waters with a depth of up to 40m, depending on factors such as soil conditions. The monopile can potentially be extended to 45m under specific conditions. The steel structure is rolled and welded from steel plates, and is painted and coated to preserve quality. The monopiles are typically delivered together with transition pieces. The monopiles are hammered into the seabed with scour protection around the base.

### *XL monopiles*

The Group defines XL monopiles as monopiles with a diameter of 7m or more. Recent projects, such as Gemini (the Netherlands) and Dudgeon (United Kingdom), have taken the monopile production facilities of the Group to their maximum level of 8m in diameter without any need to adjust the Group’s equipment. At 8m diameter the total monopile mass is expected by the Group to be around 1,200 tons approaching the maximum lift capabilities of current installation vessels. New assembly and coating halls at Maasvlakte 2 will enable the production of even larger XL monopiles. The planned maximum pile diameter for this first stage is to be around 9m, to be expanded to 11m if necessary. These new fabrication halls are expected to start production in Q3 2016, and the Group therefore expects to start taking orders in 2016.

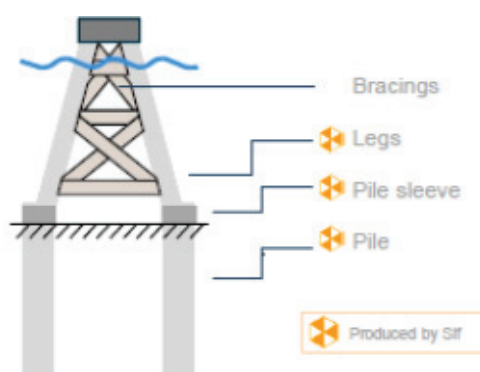
Over the years, offshore wind farms have moved further from shore and into deeper waters. At the end of 2014, the average water depth of European onshore wind farms was 22.4 m and the average distance to shore 32.9 km (Source: EWEA). Projects under construction, consented and planned confirm that average water depths and distances to shore are likely to increase. For further



information, please see 'Industry'. The capacity to fabricate larger diameters is therefore likely to be beneficial to the Group. The additional installation complexity and logistics necessary to transport and install these very large piles is, however, a key factor determining demand for XL monopiles.

Soil conditions have a significant impact on the feasibility of monopiles, compared to other foundation types, since the presence of boulders, bedrock, or certain types of chalk can make the use of monopiles either very difficult or costly. If drilling is required, installation costs and risks increase greatly. If soil strength is low, this has a significant impact on pile length and weight. These aspects must be considered in the overall cost of the foundation package. In such case, using jackets may be the preferred solution by the Group's customers.

#### *Jackets*



In the offshore oil & gas market, jackets are a proven foundation concept to support loads in deeper waters. Jacket foundations comprise a structure of legs welded together with bracings and anchored with separate pin piles, which are hammered in the seabed. The Group's focus for offshore oil & gas foundations is on producing the piles that are used to anchor jacket foundations in the seabed as well as the four main legs of the jacket itself.

In addition, wind turbines may also use jacket foundations in water depths over 40-50m or if the soil of the seabed is not suitable for placing monopiles. However, the jacket foundation is usually less cost-efficient than the monopile. Therefore monopiles tend to be chosen wherever possible.

#### *Other*

'Other' products include parts for machines and civil engineering. For example, the Group produced all tubulars used in the Maeslant storm surge barrier, tubular structures used in the London Eye, Brighton Tower and foundations for jetties.

#### ***Production process***

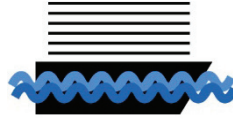
In order to facilitate production, the Group has a total working space of 102,000m<sup>2</sup>, with 47 welding machines and 6 rolling machines.

The Group's production process can be divided into the following sub-processes: steel plate supply, rolling cans and cones, can and cone longitudinal welding, transportation of cans and cones on barges, can assembly & circumferential welding, transport, blasting and coating, storage and load out/delivery.

In the example below, the production process is set out for monopiles once the Maasvlakte 2 facilities are ready and operational, which is expected to take place in 2017. At that time, can assembly & circumferential welding, blasting and coating, storage and load out/delivery will take place at Maasvlakte 2. Currently, the Group handles can assembly & circumferential welding in Roermond, whilst after transport of the monopile sections in barges over waterways assembly welding, blasting and coating, storage and load out/delivery take place in Flushing.

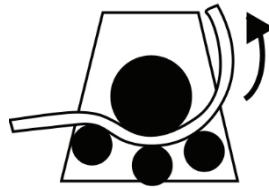
The same production process largely applies to the production of other tubular structures, such as primary steel for transition pieces, legs and piles for jacket foundations. However, the full production process will take place in Roermond, as the facilities at Maasvlakte 2 will be used for monopile assembly and coating only, unless market demand requires otherwise. Primary steel for transition pieces is shipped to Smulders at Hoboken to be outfitted and coated according to customer specifications.

### *Plate supply*



The production process begins with the Group's orders steel plates from its steel suppliers with large dimensions (quarto plates). The steel plates can be sourced with milled edges (called weld-edge preparation) or the edges to be welded can be milled by the Group. Different grades of steel are required for different purposes. The delivery of the steel plates is organised in such a way that the plates are provided in the correct sequence in order to minimise storage space and re-ordering efforts and to optimise the production.

### *Rolling cans and cones*



Plates up to 150mm in thickness and weighing up to 32.5 tons are rolled into "cans" and "cones" (conical cans). Each production line of the existing 3 lines has one large rolling machine. In the current setup in Roermond, the maximum diameter of the rolled cans and cones is approximately 8m. When the second Maasvlakte facilities become operational, this maximum can be upgraded to 11m.

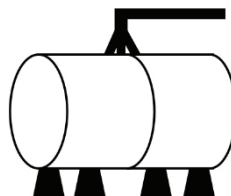
### *Longitudinal can welding*



The rolled plates are joined by welding to form cans and cones. Welding takes place in three steps. The first step is internal welding in longitudinal direction of the can or cone, using Submerged Arc welding techniques that make use of a bare wire electrode formed by up to 4 wires. This allows the welding process to reach 28kg/h welding capacity versus 600g/h of an experienced manual welder.

The second step is "counter-milling". The thickness of the steel plates requires a milling operation to be made from the outside down to the internal weld, creating the weld-preparation for the external welding. Applying the external weld to achieve a full penetration weld is the third step.

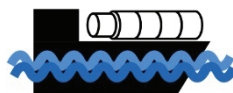
### *Can assembly & circumferential welding*



The welded cans or cones are then assembled into tubes by fitting one can after the other in a line. Once fitted, the cans or cones are welded in a similar process to the longitudinal welding process (inside weld, counter-milling and outside weld). Each line has multiple, in-house developed circumferential welding machines fully automated using up to 4 heads with 4 wires each whilst

welding power is continuously added to make the external welds. In using 4 heads and 4 wires per head at one go operated by one welder, the Group is, to its knowledge, unique in the industry. The welding techniques, processes and equipment used are developed in-house and are continuously improved. In the production facilities, the weight and dimensions of the Group's products require one or more overhead cranes to handle the tubulars. The cranes at the Roermond facilities can handle tubulars of up to approximately 920 tons. If the sections weigh over 920 tons and are not assembled to a complete monopile yet the final welding is performed at the temporary facility in Flushing (assembly weld).

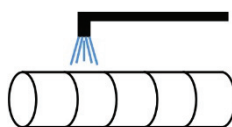
#### *Transport on barges to Flushing/ Maasvlakte 2*



Barge transport is used to transport products to customer ports, the temporary production facility at Flushing or stock at sea ports. The Group uses a combination of its own (4 owned barges) and leased barges for transportation from the Roermond facilities. Currently, assembly of monopile sections and coating and storage of monopiles is performed in Flushing, while outfitting and coating of transition pieces is done in Antwerp (Smulders).

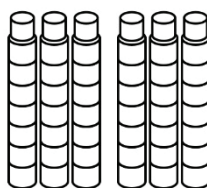
When the facilities at Maasvlakte 2 are put into use, tube assembly and welding, final quality check, conservation (coating) of monopiles and transport and stock will be performed at Maasvlakte 2. From then on only cans and cones that are produced in Roermond will be shipped to Maasvlakte 2.

#### *Coating*

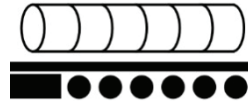


The Group believes that coating specifications for monopiles will become more stringent and prescribe a significantly larger section of the monopiles to be painted. The Group has provided for temporary facilities in Flushing for its current projects and it will construct its own coating facility at Maasvlakte 2. A specialist partner, Van Ginkel, provides blasting & conservation for monopiles and piles. Transition pieces are coated at the Smulders facilities. Smulders is typically used as a subcontractor for manufacturing and installation of secondary steel (outfitting) on transition pieces. A final quality check of the coating is performed on each product and is approved by the customer.

#### *Storage and transport on site*



At Maasvlakte 2, the Group will have the capacity to store finished products. At present, products are stored at a temporary facility at Flushing. The finished products at the Maasvlakte 2 facility are being transported by the use of multi wheel transport devices. Storage time varies per project.



Multi-wheel transporters will be able to carry the monopiles (increasing the number of wheels allows for adjusting capacity to the actual weight of the monopiles) to and from the coating facility and the storage places, in order to deliver the products to the customer ‘free on the quay’. If the customer requires ‘free on board’ delivery, crane capacity at first will be rented. If the customers tends to require more ‘free on board’ deliveries in the future an investment in an owned hoisting facility is foreseen at Maasvlakte 2.

*Key strengths in the production process*

The Group believes that its production processes enable it to provide a cost competitive and high quality product. Specifically, the Group believes its strengths in production include the high quality of its input materials, the four head welding technique used, the ability to roll the steel plates into cans and cones with varying diameters with a very small margin of geometrical error and the increased capacity once Maasvlakte 2 is in operation.

Due to the long-lasting relationship with Dillinger Hütte, the steel plates are produced specifically in accordance with the Group’s needs, e.g., the sides of the steel plates are milled to minimise the gap and the plates are delivered in smaller batches and in sequence for the production of monopiles and transition pieces. Due to the fact that Dillinger Hütte is also located along a waterway connection to the Meuse, transport of steel can take place efficiently and cost effectively.

In using four heads and four wires in a single station operated by one welder, the Group is, to its knowledge, unique in the industry, since with other producers equipment is no larger than three heads within one station and this generally requires two or more welding operators. The welding techniques, processes and equipment used have been developed in-house and are continuously improved. The use of Submerged Arc welding techniques allows the welding process to reach 28kg/h welding capacity vs 600g/h of an experienced manual welder. Finally, the narrow gap welding technique allows the Group to reduce the welding volume by at least 10%.

With respect to ever larger monopiles, the difference in diameter between the bottom of the foundation and the diameter at sea level increases. Obtaining a larger difference is important because the diameter at sea level, i.e. the surface area that is exposed to waves and wind, should be as small as possible. The Group is able to effectively measure and roll the required diameter and roundness of the cones at each point within the cone, minimising errors and associated costs and delays.

As several XL monopiles will be produced simultaneously in two lines, the expansion to the Maasvlakte 2 means an increase in total production capacity to up to 300 ktons per year, which could amount to, depending on size and specifics amount to production of up to 4 XL monopiles per week. This means a potential increase of approximately 30% over its existing theoretical total capacity at Roermond (225 ktons). With that, the Group expects to be in a position to satisfy market demand for a product that few suppliers are able to produce. For more information on the Maasvlakte 2, please see ‘Maasvlakte 2’ below.

### Production facilities

The Group's main production facilities are currently located in Roermond, in the province of Limburg in the southeast of the Netherlands. The production facilities are located along the river Meuse, one of the major rivers crossing the Netherlands to the sea. From Roermond, the Group ships its products to the ports and hubs that the Group uses for onward shipment to its European customer base or to Smulders in Hoboken (Antwerp) to outfit transition pieces. The Group generally uses the ports of Flushing, Rotterdam, Eemshaven, Antwerp, and for the German market Bremerhaven and Cuxhaven.



#### *Roermond*

The Roermond facilities consist of three production lines, that are each suitable for different tube diameters: one line for pile production with a diameter of up to 3.5m, which is mainly used for jacket production for oil & gas (subassembly maximum of 110m), one line for transition pieces with a diameter of up to 7.0m (subassembly maximum of 30m and 350 tons), and one line for monopile production currently set up to 7.8m in diameter (subassembly maximum of 75m and 920 tons). The assembly of a larger diameter (up to 9m) is possible in the Roermond facilities. However, it would require adjustments in flow, substantially reducing total output. Therefore, the assembly of such monopiles will take place at Maasvlakte 2, once it becomes operational.

The average output of the Roermond facilities for offshore wind tubulars is approximately 150 ktons per annum, including oil & gas production. Maximum theoretical capacity is 225 ktons per annum, using 3 production lines. The output typically consists of piles and both transition pieces and monopiles, depending on project specifications.

The Group is investing approximately EUR 12.7 million during 2015 and 2016 in Roermond in new production equipment and operational modifications to facilitate production expansion for cans and cones in order to meet higher demand as soon as the Maasvlakte 2 facilities are in production. In addition, the Group is investing EUR 2 million during 2015 and 2016 in new office space. Finally, if demand for XL monopiles continues to increase as expected by the Group, around 2018, it may need to make an investment of approximately EUR 10 million in Roermond in order to increase the capacity of primary steel making for larger diameter transition pieces.

#### *Flushing*

Flushing is commonly used for storage and onward shipment of products to offshore wind farms and oil & gas fields that are located in Dutch, Belgian and French territory. In addition at present, some of the production process takes place in Flushing, such as assembly welding and coating. Currently

and until the Maasvlakte 2 facilities will be in production, the Group placed some of the equipment that will be used at the Maasvlakte 2 at the Flushing location, where assembly and coating can take place while awaiting completion of the new facilities at Maasvlakte 2.

## **Maasvlakte 2**

### *The facilities*

There has been increasing demand for the Group's products over the last few years, particularly in relation to (XL) monopiles for offshore wind solutions. This resulted in an increase in tonnage from 67,334 tons in 2012 to 116,199 tons in 2013 and stable in 2014 at 100,379 tons, primarily due to a timing gap between two projects that arose in the order book, leaving part of the facilities unused for three to four months. Since the order book is fully covered at least until mid-2016, such a timing gap is not expected in the near future. The Group expects this trend to continue. See 'Competitive strengths' above.

The Group is at present operating at a high level of capacity. Therefore, with an eye to meet growing market demand, the Group is expanding to Maasvlakte 2, for which the contracts regarding the establishment of rights of sub-leasehold with Havenbedrijf Rotterdam N.V. were signed in June 2015. The Group estimates an increase in annual production capacity by approximately 30% as yearly theoretical production capacity increases from 225 ktons to 300 ktons from 2017. The Group currently has an environmental permit for the deviation from the zoning plan (assigned for chemical processes at present) for its facilities to be built at Maasvlakte 2. This permit has a duration of 10 years and it is expected a replacement of the zoning plan will be in place before the end of this period. One right of sub-leasehold has been established and will end on 30 June 2041. The other right of sub-leasehold, envisaged to start on 1 July 2017 and to end on 1 July 2021 still needs to be established. (See also 'Risk Factors – The Group may have difficulties ensuring the Maasvlakte 2 facilities will become operational in time and with the expected efficiency').

The Group expects to invest approximately EUR 60.2 million in the new facilities from August 2015 until the first half of 2017. The Group will finance this investment from its cash flows. However, the Group has also obtained additional revolving credit facilities to address the periodical working capital requirements and other investment needs, as and when occur. An assembly hall and a coating hall is expected to be built and foundation works started in September 2015. The Havenbedrijf Rotterdam will invest in the construction of an insertion port and 400m heavy load quay, which will make direct (un)loading of the company's own and offshore customer vessels possible. The XL monopiles produced will potentially have a diameter of 11m, a length of 120m and a weight up to 2,000 tons each. At first the facilities will be able to produce monopiles with dimensions of 9m diameter, 100m length and 1,500 tons in weight, which should be sufficient to meet market demand until the early 2020's. Apart from the investments in relation to the construction of the facilities, the Group will also incur costs in relation to office space, parking and access roads.

Construction of the assembly hall commenced in November 2015 and the facilities are planned to be fully operational by late 2017. First production is expected in the third quarter of 2016. Construction of the coating facility is expected to commence ultimately the second quarter of 2016 to be ready for production in the third quarter of 2016. The majority of the production facilities and the headquarters of the Group will remain in Roermond. An extension of the offices in Roermond is expected to be ready in the second quarter of 2016.

### *Combined production process*

In addition to the expansion of capacity, the Group expects to optimise production flow. The facilities will be supplied with all required cans and cones by the Roermond facilities. As assembly, coating and storage of monopiles are relocated to Maasvlakte 2, more floor space will become available in Roermond for the production of cans and cones, which, due to the lack of space, is currently the major bottleneck in the production process. Furthermore, coating will also be done within the facilities of Maasvlakte 2, which will have include an optimal environment for blasting, improving efficiency and quality. Finally, flange fitting and storage, which currently has to incidentally take place outside in an additionally rented Roermond facility, can remain in-house going forward.

The Group acknowledges the importance of streamlining the production process, which will, in the case of XL monopiles, take place both in Roermond and Maasvlakte 2. Therefore, it reduced its intake of orders for the transitional period in the second half of 2016 and first half of 2017, so the Group has room to adjust its production process where necessary, without incurring delays for its customers.



In addition to the investments described above, the Group also intends to invest in the outside storage and handling of monopiles by multi-wheel transporters. The Group has the intention to do these investments jointly with a partner (by possibly forming a joint venture), still to be decided and finalised. The expected investment taken into account for the Group is approximately EUR 5 million.

### **Operational key performance indicators**

The Group identifies both operational and financial KPIs. For financial KPIs, please see ‘Operating and Financial Review – Key performance indicators’.

Operational KPIs include weld production fault rates, long term injury frequency and sickness absence levels of the Group’s personnel. Monthly updates ensure a strong focus on production availability and efficiency.

Weld production fault rates provide an estimate of the effectiveness of the welding process. Long term injury frequency provides an indication on safety. Sickness absence levels of own personnel provide an estimate of personnel being unavailable for work due to illness or incidents. In the below the KPIs are shown for the periods indicated:

<b>KPI, in %</b>	<b>Nine months ended 30 September</b>			
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Weld production fault rates	0.32	0.32	1.37	2.67
Long term injury frequency (injuries per 200,000 hours worked according to OSHA standards)	1.74	1.61	2.25	4.36
Sickness absence level personnel	4.19	4.77	4.12	5.78

As far as the Group’s management is aware, the levels indicated are all under set targets and meet or outperform market levels for the industry relevant to the Group. The Group finds in particular that continuously improving safety levels achieved by on-going new initiatives are much rewarded by the customers and the Group’s personnel.

### **Sales and marketing**

#### ***Sales***

The Group identifies the following stages in its sales process: identification, review of the request for proposal or tendering, review by the customer, and contracting, which can be subdivided into three stages: pre-agreement, early works/pre-order and final agreement.

#### ***Identification of projects***

The Group monitors the project-pipeline in the markets and builds relationships with key technical staff and management of its current and prospective customers. The Group is, in most cases, aware of projects in the pipeline before contractors are approached, since offshore wind farm developers often need publicity at an early stage in order to timely obtain the required permissions and financing. As a result, the Group is typically approached by the customer with a request for proposal or request for tendering, including a timetable. To its knowledge, the Group has historically received all tenders in the offshore wind market.

#### ***Review by the Group***

The Group reviews the request on its technical, legal, planning and logistic requirements. In addition, the commercial terms of an offer are calculated by means of a detailed manufacturing simulation and cost calculation model, which has been specifically built in-house over the years. Final decision on terms of the proposal is taken by CCO and CEO.

#### ***Review by the customer***

The Group’s response to the tender is then evaluated by the customer in relation to technical, commercial (price, guarantees), business (track record, sustainability of the company) and legal aspects. The specifications are defined for the end-product by the end-user and translated by engineers of the Group’s customer to the requirements of the foundation. The Group advises its customer’s technical staff on how to reduce production costs.

### *Contracting*

After the Group is selected on the basis of the offered tender, there are several phases before a contract is effected:

- Phase I: A pre-agreement including exclusivity to produce the monopiles and transition pieces and to finalise the contract terms. An order is generally conditional on the successful financial closing for the project, which relates to the financing of the relevant project.
- Phase II: An early works agreement fully guaranteed by the contract party. A pre-order to order steel plates to meet production delivery dates is often put in place and is covered by a guarantee from the customer to cover these costs.
- Phase III: The final order is granted after the financial closing (if project financed) or FID by issuing a notice to proceed by the customer. The Group adds the relevant project to the order book only at this stage.

To date, the Group has never experienced a project cancellation in phase II or phase III due to insufficient funds for the project. The date for the financial closing is in some instances delayed which the Group can accommodate due to its flexible workforce. This does, however, mean that temporary gaps in production may sometimes arise, causing underutilisation of its capacity.

The Group generally has visibility of the order book of 1-2 years ahead for offshore wind projects and three to six months for oil & gas projects. Projects can be planned and scheduled in advance for those periods respectively.

### *Marketing*

The Group's marketing strategy is to offer a total solution to its customers with foundation delivery up until pick up by the customer's installation vessel, such as just-in-time delivery, if needed, by sea going barges. This allows the Group to provide a comprehensive solution up until the installation vessel, currently at customer's preferred pick up ports and in the future also at Maasvlakte 2. Ensuring such delivery is paramount for maintaining the market perception of providing high quality products in time.

The Group's brand recognition is becoming increasingly important as a result of the entry of new players into the offshore wind market and the growth of its customers' organisations. In addition to participating in trade shows, the Group aims to achieve greater brand recognition by placing banner ads on targeted websites and introducing a new website including connections with social media in order to contact the mostly young and highly educated engineers that have recently become employed with its customers and to register the name of the Group with them as the market leader from an early stage. The Group is also active in presenting new developments and investments to the market to show its innovative strengths. In addition to the operational tender process, account management reinforces the position of the Group as market leader for offshore foundations with all customers at every level.

### **Customers/Projects**

The customers of the Group consist of both utility companies and EPC(I) contractors.

#### *Utility companies*

In various projects, utility companies, which are often the owners of the offshore wind farms, are the direct customers of the Group. Such a structure is more typical for the offshore wind market than it is for oil & gas.

Utility companies that are customers to the Group include E.ON, Dong, Vattenfall and RWE.

#### *EPC(I) contractors*

In oil & gas projects, but also in relation to various offshore wind farms, the Group provides its services to an EPC contractor, which acts as counterparty to not only foundation manufacturers, but also suppliers of various other products and services, such as electrical equipment, cable suppliers and port operators. As a result, they are able to provide a complete solution to the owner of the oil or gas field or the offshore wind farm, which is the customer to the EPC contractor.

EPCI contractors to which the Group supplies include for offshore wind projects: Van Oord, Deme/Geosea, Seaway Heavy Lifting, and EPC contractors for oil & gas Kvaerner, Dragados, Heerema Fabrication Group and OGN Group. The Group provided jetties to Bluewater for the Russian market. The owners of offshore wind farms and oil & gas fields that are serviced by these EPC(I)

contractors include Maersk, Kvaerner, Statoil, ConocoPhillips, PremierOil and Shell for oil & gas and E.ON, Eneco, EDF and RWE for offshore wind farms.

### ***Offshore wind farms oil & gas fields***

The Group is mainly active in offshore wind and oil & gas in North-western Europe. The farms/fields in relation to which the Group recently provided and/or provides its products to, are included in the below section. In relation to ownership, please note that ownership may change as a result of trading in the ownership rights. The below owners were the initial owners of the farms and fields.

### ***Offshore wind***

- Dudgeon – A 402 MW wind farm located in water which is between 18-25m deep on a 55km<sup>2</sup> site located 32km off the coast of the seaside town of Cromer in North Norfolk, United Kingdom, owned by Statoil, Statkraft and Masdar.

For this project, the Group is currently producing 67 XL monopiles and 67 transition pieces. The XL monopiles each weigh on average 865 tons with an average length of 62m.

- Rampion – A 400 MW wind farm located in water which is between 19-40m deep on a 64km<sup>2</sup> site located in the English Channel, 13km from the Sussex coast due south of Brighton, United Kingdom, owned by E.ON and Green Investment Bank.

For this project, the Group is currently producing 116 monopiles and 116 transition pieces. The monopiles each weigh on average 816 tons with an average length of 75m.

- Gemini – A 600 MW wind farm located in water which is between 128-36m deep on a 68km<sup>2</sup> site located 85km north of the Netherlands owned by HVC Groep, Northland Power, Siemens Financial Services and Van Oord.

For this project, the Group produced 85 XL monopiles and 150 transition pieces. The project was completed in June 2015. The XL monopiles each weigh on average 800 tons with an average length of 60m.

- Westermeerwind – A 144 MW wind farm located in water which is 5m deep on a 8km<sup>2</sup> site located on the IJsselmeer, the Netherlands, owned by RWE and a partnership of entrepreneurs.

For this project, the Group produced 48 monopiles. The monopiles each weigh on average 246 tons with an average length of 40m. The project was completed in January 2015.

- Kentish Flats Extension Offshore Wind Farm – A 49.5 MW wind farm located in water which is between 3-5m deep on a 8km<sup>2</sup> site located on the southern side of the Outer Thames Estuary, United Kingdom, owned by Vattenfall.

For this project, the Group produced 15 monopiles. The monopiles each weigh on average 225 tons with an average length of 45m. The project was completed in December 2014.

- Luchterduinen – A 129 MW wind farm located in water which is between 18-24m deep on a 16km<sup>2</sup> site located 23km west of Noordwijk aan Zee, the Netherlands, owned by Eneco and the Mitsubishi Corporation.

For this project, the Group produced 43 monopiles. The monopiles each weigh on average 465 tons with an average length of 67m. The project was completed in July 2014.

- Humber Gateway – A 219 MW wind farm located in water which is between 10-18m deep on a 35km<sup>2</sup> site located 8km east of Spurn Point off the coast of the East Riding of Yorkshire, England, owned by E.ON.

For this project, the Group produced 57 monopiles and 57 transition pieces. The monopiles each weigh on average 467 tons with an average length of 40m. The project was completed in December 2014.

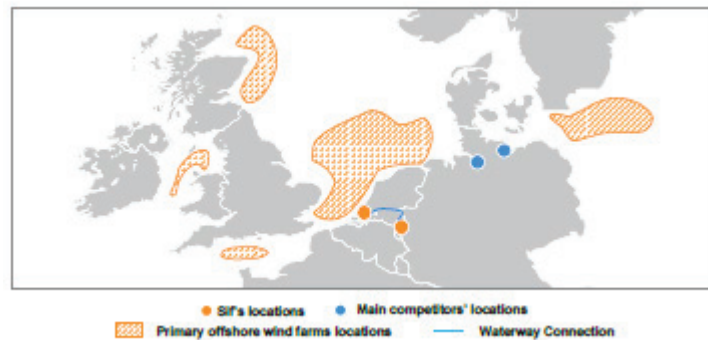
- Amrumbank West – A 288 MW wind farm located in water which is between 20-25m deep on a 36km<sup>2</sup> site located about 35km northwest of the island of Heligoland, Germany, owned by E.ON.

For this project, the Group produced 80 monopiles and 80 transition pieces. The monopiles each weigh on average 540 tons with an average length of 55m. The project was completed in January 2014.

- DanTysk – A 288 MW wind farm located in water which is between 21-31m deep on a 66km<sup>2</sup> site located 70km west of the island of Sylt, Germany, owned by Stadtwerke München and Vattenfall.

For this project, the Group produced 80 monopiles and 80 transition pieces. The monopiles each weigh on average 565 tons with an average length of 62m. The project was completed in May 2013.

The major wind farms are also included in the diagram below:



### Oil & Gas

- Johan Sverdrup, Statoil – located about 140km west of Stavanger, Norway.  
For this project awarded by Kvaerner, the Group is currently producing inner and outer legs, and 24 piles.
- Noviy Port – located at Noviy Port, Russia.  
For this project awarded by Bluewater, the Group produced 8 piles. The piles each weigh on average 390 tons with an average length of 62m. In The project was completed in May 2015.
- Mariner Field, Statoil – located about 150km east of the Shetland Islands, United Kingdom.  
For this project awarded by Dragados, the Group produced the leg sections and 24 piles. The piles each weigh on average 300 tons with an average length of 62m. The leg sections were completed in April 2014, whilst the piles were completed in April 2015.
- Culzean, Maersk – located around 230km east of Aberdeen, United Kingdom.  
For this project awarded by Heerema Fabrication Group, the Group is currently producing 12 piles. The piles each weigh on average 301 tons with an average length of 69m. In addition, it completed the construction of leg sections in March 2015.
- Gina Krog, Statoil – located near to the Slepiner field, about 250km west of Stavanger.  
For this project awarded by Heerema Fabrication Group, the Group produced the leg sections and 18 piles. The piles each weigh on average 414 tons with an average length of 93m. In The leg sections were completed in June 2014, whilst the piles were completed in December 2014.
- Ivar Aasen – located about 175km away from Karmoy, Norway.  
For this project awarded by Saipem, the Group produced 12 piles. The piles each weigh on average 508 tons with an average length of 96m. In The project was completed in September 2014.
- Montrose, Chevron – located 210km east of Aberdeen, United Kingdom.  
For this project, the Group produced 8 piles. The piles each weigh on average 350 tons with an average length of 78m. The project was completed in January 2014.
- Solan Field, Premier Oil – located west of the Shetland Islands, United Kingdom.  
For this project, the Group produced two sets of piles. The piles weigh on average 418 tons and 336 tons respectively with an average length of 76m and 68m. The project was completed in December 2013.

## **Suppliers/supply chain**

Over the years, the Group has developed strong partnerships with sub-contractors to ensure high quality and stability of support in coating (Van Ginkel), maritime logistics (De Jong), flexible workforce (several companies), independent weld testing (PTS) and harbour handling operations (BOW and Verbrugge). Specifically, the Group values the following partners and considers them important to achieving its strategic objectives: Dillinger Hütte, Smulders, Euskal, Glacier and Van Ginkel.

### *Dillinger Hütte*

In the view of the Group, Dillinger Hütte provides high quality steel with excellent “weldability” characteristics. As a result, the Group obtains over 80% of its steel needs, depending on the year, from Dillinger Hütte. Due to the long-lasting relationship with Dillinger Hütte, the steel plates are produced specifically in accordance with the Group’s needs, for example, the sides of the steel plates are milled to minimise the gap and the plates are delivered in smaller batches and in sequence for the production of monopiles and transition pieces. Both the quality of the steel and the coordination of the production process as described above lead to an optimisation of quality and efficiency. Due to the fact that Dillinger Hütte is also located along a waterway with a connection to the Meuse, the transport of steel plates can take place efficiently and cost effectively. Although the Group would incur additional costs and some delays to adjust the production to a new steel supplier in order to replace the shortfall in a timely manner, the Group is able to obtain steel from other sources as well, as it currently already does for up to 20%, depending on the year. In order to internalise plate handling, cutting and welding, which is currently partly done by Dillinger Hütte and AS Stahl/Bergstahl, the Group would need to make an investment, which it estimates to amount to approximately EUR 10 million. For the relationship with Dillinger Hütte, please also see ‘Risk factors – The Group is dependent on key suppliers and partners and is subject to suppliers’ and partners’ credit risk and supply chain risks, which may affect the timely delivery and quality of raw materials and components.’

### *Smulders*

As a substructure manufacturer with capabilities to manufacture foundations (jackets, substations and the outfitting of transition pieces), the combination of the Group and Smulders allows the Group to provide turn-key foundations by relying on Smulders to attach secondary steel to transition pieces produced by the Group (approximately 200 p.a.) and by assembling jackets. After Smulders filed for protection from its creditors in 2013, the Group decided to take control of the situation to finalise the DanTysk project, which was appreciated by the customer. For more information the difficulties encountered with Smulders, please see ‘The Group is dependent on key suppliers and partners and is subject to suppliers’ and partners’ credit risk and supply chain risks, which may affect the timely delivery and quality of raw materials and components.’ As a result, project-specific joint operations with the Smulders entities were formed to substitute for the relationship with Smulders. In September 2013, the main entities of the Smulders group were partially acquired by the metal branch of the French construction company Eiffage. For the majority of projects, the performance of these entities is guaranteed by a parent company guarantee provided by Eiffage. Since Smulders filed for protection from its creditors in 2013 and was taken-over by the Eiffage Group, the Group primarily engages Smulders in a sub-contractor format in relation to projects in which both parties provide their services. In the Gemini project the customer decided to split the project leading to a direct contract for supply of monopiles for the Group and a joint venture agreement for the delivery of the transition pieces. If Smulders is able to position itself in a stronger way to a specific customer (e.g. in France with the presence of their parent company Eiffage), Smulders will be in the lead and the Group will position itself in a sub-contracting role. This will not directly lead to a change in the results, but might influence the revenue and total margin percentage due to less sub-contracted work.

### *Euskal*

Euskal Forging in Spain is an important producer of large size forged flanges in Europe. The relationship with Euskal allows the Group to obtain high quality flanges, suited to the needs of the Group. The company has an outstanding track record built over the past decades and is continuously investing in enhanced capabilities to produce larger and heavier flanges. In the experience of the Group, Euskal meets the specific requirements of the Group in terms of logistics and lead times, while still securing a high quality product.



### *Van Ginkel*

Van Ginkel is a family owned specialist coating applicator for projects on temporary construction sites. It has successfully transferred that knowledge to applying paint at offshore specifications on the Group's monopiles for many years, without any warranty claims or delay so far. In July 2015, the Group entered into a five year service agreement for the supply of coating services by van Ginkel.

### *Glacier*

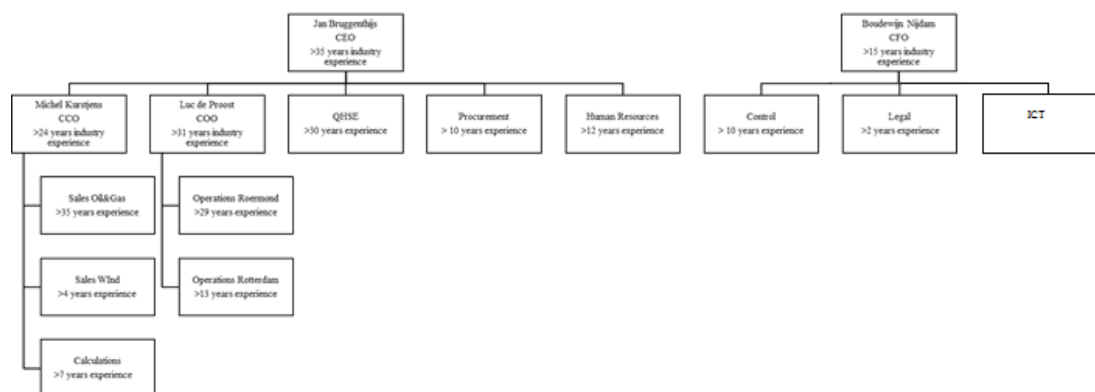
Glacier Energy Services provides independent nondestructive weld testing for offshore foundations. The Group has maintained a relationship with Glacier since 2005.

## **Employees**

The Group's objective is to achieve the highest reproducible quality possible, delivered on time. In order to achieve this, it educates management, staff members and manufacturing employees on a continuous basis in order to ensure that they are knowledgeable of the Group's quality and safety systems and that they are committed to apply it in their work. All operational employees are SCC certified.

The Group's competitive position and success has been built also on the quality of its manufacturing skills and on its ability both to refine existing techniques, and to identify, develop and implement new techniques. Maintaining a leading role in existing and new manufacturing techniques requires skilled manufacturing staff, who refine and develop those techniques. In addition, it requires skilled managerial staff, both at a project level, to manage the implementation of the relevant project, and at the Company level, where sufficient experience and an in-depth knowledge of the Group, its business and strategy, and a sufficient understanding of the industry, markets and major customers, are critical to the successful management of the Group and its business. The Group relies on its employees for retaining proprietary knowledge regarding its products, equipment and manufacturing processes.

The Group is organised as follows:



In order to reach the level required for the quality standards set by the Group, it has an elaborate in house developed training procedure in place.

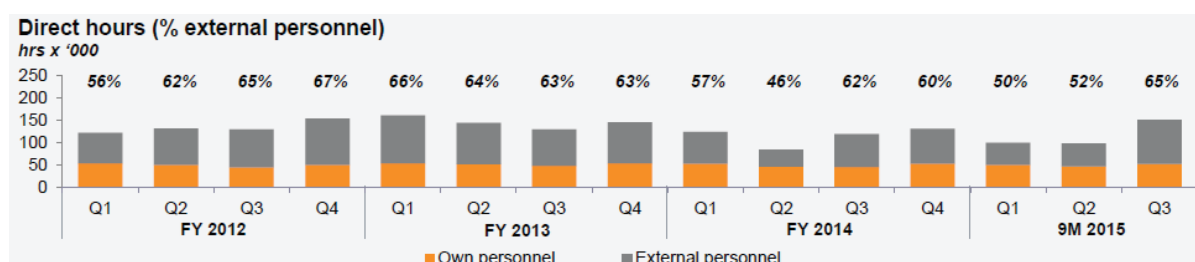
The Group attaches great value to its lean organisation in terms of costs. In order to keep the workforce flexible to changes in production, the Group hires external personnel. The Group uses a number of Dutch and other European (principally German and Polish) employment agencies for external personnel.



The table below provides an overview of the total numbers of employees of the Group, subdivided per operating segment. These numbers are measured in FTEs. It shows that changes in demand can be addressed by increasing or decreasing the temporary employee base.

FTEs	As of 30 September	As of 31 December		
	2015	2014	2013	2012
– Permanent employees (FTE)	199.2	192.7	187.1	185.7
– Temporary employees (#)	254	129	215	259
<b>Total</b>	<b>453.2</b>	<b>321.7</b>	<b>402.1</b>	<b>444.7</b>

As per 30 September 2015, 55% of the Group's workforce consisted of temporary staff, which enables the Group to adjust its workforce to fluctuations in production volumes at short notice. The figure below provides an overview of the Group's direct hours divided between permanent and temporary staff.



## Quality management and health, environment and safety

### Quality management

The Group has extensive quality control procedures in place (the “**Quality Management System**”). The management of the Group is committed to a policy of quality assurance throughout the Company's activities in order to achieve the required quality standard to provide a product that meets the specified requirements of the customer and to ensure strict adherence to the governing requirements for safe and efficient operations and continually improve the effectiveness of the Quality Management System.

A designated quality, health, safety and environment manager has the authority to ensure that the Quality Management System is implemented and maintained.

The Quality Management System provides procedures in relation to the vital aspects of the tender and production process. This includes, amongst others:

- Contract review and document and data control from a documentation perspective;
- A purchasing and supplier selection process to ensure that all purchased material, subcontracted processes and services that may affect product conformity meet the established specifications and additional customer's requirements;
- Process control in which the manner of production, the criteria for workmanship and requirements for verifying the compliance with specified requirements are defined;
- Inspection and testing of equipment, materials, parts and components and of full compliance to the specified requirements;
- Control of non-conforming products and corrective and preventive action to be taken; and
- Training in order to maintain a qualified and competent workforce in accordance with established minimum requirements for that function on the basis of appropriate education, training, skills, experience or other recognised criteria.

In keeping with corporate quality policies, the Group has established the following quality objectives:

- Operate in accordance with requirements;
- Earn customer recognition through continual quality progress;

- Measure quality performance and evaluate compliance with customer/client service level agreements;
- Operate efficiently to reduce overall operating costs;
- Seek out technologies for assuring error-free work;
- Promote a culture of continuing improvement to the Group's products and its quality management system; and
- Empower employees to make recommendations and question processes that may produce product and service non-conformity.

Due to the quality management systems in place with respect to production, the Group has never received claims relating to defects in the products produced by itself, (excluding claims related to services and products delivered by sub-contractors or joint venture partners).

### ***Health, environment and safety***

Experienced employees are one of the key strengths of the Group. Continuous monitoring ensures a safe working environment by evaluating on a regular basis, in order to, where necessary, implement improvements relating to the safety of the working environment. The on-going safety performance improvement program is an integral aspect of the total performance and includes personal, environmental and behavioural factors. Thus, the Group strives to be the best partner for its customers and a good employer for its employees.

The Group attaches great value to HES. The Group sets high standards to protect the health, safety and security of its employees, its sub-contractors, the general public, as well as the environment. The Group aims to manage the risks linked to its business and is committed to eliminating incidents such as fires, explosions and collisions. There have been some accidents resulting in certain injuries of employees in the past. These incidents were fully covered by insurance and were all settled outside of court.

In order to effectively inform its employees, the Group has compiled HES manuals, one of which is supplemented through the collective labour agreement for the metal processing industry. The HES manual is made available to all employees and covers, amongst others: general security procedures, personal protection measures, health measures, procedures in case of calamities and environmental requirements.

This HES manual is reviewed yearly, taking into account legislation, social developments and company circumstances. The manual is revised if necessary, after consultation and approval of the works' council.

A designated HES manager is the appointed management representative who has the responsibility and authority for the following:

- Ensuring that processes required for the HES Management System are established, implemented and maintained;
- Reporting to the management of the Group on the performance of the HES Management System and any need for improvement;
- Promoting awareness of customer requirements throughout the organisation; and
- Representing the Group as liaison with external parties on matters relating to the HES Management System.

The Group is committed to preserving the environment. Improving the performance on issues relevant to the Group's stakeholders, and of global concern, is part of the Group's approach relating to overall health, safety and environment. The Group believes that not only do its products contribute to a sustainable future, the processes are geared to save energy, reduce waste products and recycle residual materials.

Because the Roermond facilities have a power output of more than 1.5 MW and it produces large metal tubes, the facilities are deemed type C facilities, requiring a permit as determined by the Environmental Permitting Decree, to carry out its activities.

The current integrated environmental permit was issued on 19 May 2011. After this date, a number of additional integrated environmental permits have been issued for this location, allowing for adjustments and expansion of the facilities.

The facility at the Maasvlakte 2 is deemed a type B facility and as such only a notification is required rather than a full permitting process. On the date of this Document, all required actions in term of permitting have been taken.

The production activities at the Roermond facilities are mainly carried out in several production halls. Both the supply of raw materials and the end products are primarily transferred over water. As part of the permit obligations, the facilities need to comply with the best available techniques (*Best Beschikbare Technieken*) that are based on EU Directive 2010/75/EU.

If future expansion plans result in a change of the facilities or a change in use of the facilities, a revised integrated environmental permit must be applied for by the Group. The Group recently acquired OHSAS 18001 and ISO 14001.

An environmental (building) permit (*omgevingsvergunningen bouwen*) is required for the construction of buildings. As the Group is gradually expanding its activities, it will need to apply for environmental (building) permit(s) from time to time.

According to the current environmental operating permit, no permits under the Water Act (*Waterwet*), Nature Protection Act 1998 (*Natuurbeschermingswet 1998*), Flora and Fauna Act (*Flora-en Faunawet*) are required. As far as the Group is aware, no EU emission trading scheme or fire safety permits are required.

### **Insurance**

The Group carries insurance of various types, including directors and officers liability insurance, third party liability insurance, professional liability insurance, plant & equipment insurance, hull and machinery insurance, charterers liability insurance, transport insurance, motor vehicle insurance, business credit insurance, protection and indemnity insurance, several employee insurances, to the extent the Group believes are customary for its business and its risk profile.

The Managing Directors, Supervisory Directors and all other directors and/or officers of the Group are currently insured under an insurance policy against damages resulting from their conduct when acting in their capacities as directors or officers.

At the date of this Document, the Group is not insured against *inter alia* (i) loss of production/loss of revenue, except to the extent covered under the Plant & Equipment insurance, (ii) penalties for delay, (iii) breakdown of machinery or equipment due to an inherent vice in the machinery or equipment (i.e. not due to an external cause), (iv) guarantee obligations and remedying of defects, (v) non-insurable risks.

Furthermore, at the date of this Document, the Group is not insured against losses as a result of claims under the defect notification period, although it is exploring options for obtaining insurance against such claims. The absence of such insurance is, in the view of the Group, due to the fact that insurers have difficulties assessing the size of risk as no defects have arisen in the past. As a result, the Group is exposed to the risks involved with defects that result in liability during the term of the defect notification period. For more information on this please see 'Risk factors – The Group may be confronted with claims arising from defects that occur within or after the defect notification period'.

### **Important patents, licences**

Apart from website domain names, no intellectual property rights are registered in the name of the Group. For its business, the Group relies on its employees for retaining proprietary knowledge regarding its products, equipment and manufacturing processes. For more information on this, please see 'Risk factors'.

### **Information technology**

The Group's IT systems consist of several different primary applications: custom made application modules based on the Microsoft platform relating Quality control/Assurance and Project Control, a stand-alone financial system (Unit 4 Multivers), an Overall Equipment Effectiveness tool, an CRM system (Microsoft Dynamics CRM), Microsoft Sharepoint for document management and a stand-alone project planning tool (Primavera).

The Group has its own (virtual/VMWARE) server park. This concerns windows servers (version 2008/2012). For storage purposes, the Group uses a SAN landscape from EMC. For cloud services, the Group uses MS CRM online. For all other purposes, programs and databases are running on Premis, which is easily scalable for server and storage purposes.

In the near future, the Group expects to focus on integration in the IT systems and renewal of legacy applications, therefore an ERP system is in the process of being implemented starting January 2016, based on the Microsoft platform (Dynamics AX). The implementation of the ERP system will replace several standalone systems (some custom made application modules and the financial system) and integrate them into a new primary system.

#### **Material contracts**

Set out below is a summary of (i) each material contract (other than a contract in the ordinary course of business) to which any member of the Group is a party which has been entered into within the two years immediately preceding the date of this Document and that is still in force; and (ii) any other contract still in force (other than a contract in the ordinary course of business) entered into by any member of the Group which contains a provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this Document.

#### *Commercial contracts*

There are no general material contracts such as framework agreements. Per individual project, the steel mills provide a price for the steel to the Group and the Group sends a tender to the end customer, which incorporates the steel price provided by the steel mills. The Group has a bidding policy that provides certain self-imposed guidelines to limit contractual risks that the Group may accept in its contracts.

The Group generally enters into large commercial contracts with customers. As per the date of this document, there are 20 offshore wind and oil & gas projects in production, for a total amount of EUR 650.2 million, each project value ranging between EUR 10.0 million and EUR 200.0 million. The value of large contracts could amount to 25% to 50% of yearly revenue.

The total value of projects that are completed but to which the defect notification period still applies amounts to approximately EUR 680.0 million.

In addition, the Group has recently concluded a five-year framework agreement based on exclusivity with Van Ginkel for all coating works at Flushing and Maasvlakte 2.

#### *Financial contracts*

For information on the financial contracts of the Group, please see 'Operating and financial review – Banking facilities and loans'.

#### *Property contracts*

Sif Property B.V. holds fourteen cadastral parcels located in Roermond in freehold. The Company is entitled to a right of sub-leasehold with regard to twelve cadastral parcels located at Maasvlakte 2 in Rotterdam. The ownership/right of sub-leasehold of all of these properties – except for the dwelling located at Mijnheerkensweg 10, Roermond – is encumbered with first ranking mortgages for the principal amount of EUR 171.2 million per property. The movable properties are pledged to the mortgagee.

#### *Maasvlakte 2*

The Group has recently entered into two agreements regarding the issuance of temporary rights of sub-leasehold for two properties (terrain A and terrain B) in the Rotterdam harbour. Both terrains may only be used by or under supervision of Sif Netherlands B.V. for the production, assemblage, inspection and test activities regarding the production of steel objects for the offshore and onshore wind sector, oil, gas and other industry or the construction industry, as well as all storage and transshipment activities connected thereto. The use of two heavy load cranes is allowed under certain restrictions.

Terrain A, including slope and water, measures approximately 309,277 m<sup>2</sup>. The right of sub-leasehold is established by the leaseholder Havenbedrijf Rotterdam N.V. per 1 September 2015 for a period ending on 30 June 2041. The right of sub-leasehold is established under conditions subsequent with regard to *inter alia* the acquisition of the essential permits and the zoning plan. The Group can terminate the right of sub-leasehold prematurely per 1 July 2031 with a notice period of two years. This right of sub-leasehold, includes rights to a berth of which the first right will commence per 1 July 2016. The ground rent for terrain A amounts to EUR 2.9 million per year.

The ground rent will be amended yearly in accordance with the consumer price index 'all households deduced (2006=100)', starting on 1 January 2016. As of 1 July 2016 until 1 July 2031 a yearly

deduction with an amount equal to the net sea port dues realised for the quay of terrain A in that year with a maximum of EUR 0.3 million per year (price level 2015) is applicable. In the initial phase, ending on 1 July 2019, an additional reduction of the ground rent is applicable. The reduction is calculated as follows:

- a) 75 % during the construction period as of 1 September 2015 until 1 July 2016 for terrain A excluding the working space (being 28.8 ha +/- 3.1 ha);
- b) 50% as of 1 July 2016 until 1 July 2017 for terrain A excluding working space (being 28.8 +/-1.8 ha);
- c) 25% as of 1 July 2017 until 1 July 2018;
- d) 25% as of 1 July 2018 until 1 July 2019.

Terrain B measures approximately 120.900 m<sup>2</sup>. This right of sub-leasehold has not yet been established and will be held – once established – by the Group and Verbrugge International B.V., as contractual parties to the agreement relating to Terrain B. The negotiations regarding the joint venture between both parties still take place. The right of sub-leasehold for terrain B will be issued per 1 July 2017, for a period ending on 1 July 2021. The sub-leaseholder is entitled to extend this period twice, each for a period of 10 years. Havenbedrijf Rotterdam N.V. is entitled to terminate the agreement if the right of sub-leasehold is not established on 1 July 2017 due to the Group and/or Verbrugge International B.V., in which case both will be liable for compensation.

This right of sub-leasehold includes a right to a berth per 1 July 2017. The ground rent for terrain B amounts to EUR 1.0 million per year. Additionally, the Group will be obligated to pay sea port dues and quay dues. The ground rent will be amended yearly in accordance with the consumer price index 'all households deduced (2006=100)', starting on 1 January 2016. As of 1 July 2017 until 1 July 2021 a yearly deduction with an amount equal to the net sea port dues realized for the quay of terrain B in that year with a maximum of EUR 0.1 million per year (price level 2015) is applicable. This deduction period will be prolonged until ultimately 1 July 2031 if the right of sub-leasehold is extended. In the initial phase, ending on 1 July 2021, an additional reduction of the ground rent is applicable. The reduction is calculated as follows:

- a) 75% during the construction period until 1 July 2017 for terrain B excluding the working space (being 12.9 ha +/- 2.0 ha);
- b) 50% as of 1 July 2017 until 1 July 2018 for terrain B excluding working space (being 12.9 +/-2.0 ha) with 50%;
- c) 25% as of 1 July 2018 until 1 July 2019;
- d) 25% as of 1 July 2019 until 1 July 2020;
- e) 25% as of 1 July 2019 until 1 July 2020.

#### *Loods 21, Flushing*

The Group leases a warehouse of approximately 15,750m<sup>2</sup> at the terrain of Verbrugge in Flushing for a rent of EUR 44.25 increased with 20% mark-up per m<sup>2</sup> per year. The lease commenced in week 25 of 2015 and runs up to and including August 2016 or longer in the event the tenant desires so. The tenant may early terminate the lease taking into account a notice period of 3 months.

#### **Group structure**

Sif Holding N.V. will be the listed holding company of the Group. Sif Netherlands B.V., a 100% subsidiary of Sif Holding N.V., is responsible for all activities. Sif Property B.V., also a 100% subsidiary of Sif Holding N.V., holds all the real estate the Group owns. All subsidiaries are incorporated in the Netherlands.



## 11. MANAGEMENT, SUPERVISORY BOARD, SENIOR MANAGEMENT AND EMPLOYEES

*Set out below is a summary of relevant information concerning the Management Board, the Supervisory Board, Senior Management and the Company's employees and a brief summary of certain significant provisions of Dutch corporate law and the Articles of Association in respect of the Management Board and the Supervisory Board.*

*This summary does not purport to give a complete overview and should be read in conjunction with the Articles of Association and the relevant provisions of Dutch law, and does not constitute legal advice regarding these matters and should not be considered as such. The full text of the Articles of Association is available, in Dutch and English, via the Company's website [www.sif-group.com](http://www.sif-group.com).*

### **Management structure**

The Company has a two-tier board structure consisting of a Management Board (*Raad van Bestuur*) and a Supervisory Board (*Raad van Commissarissen*). The Management Board is responsible for the day-to-day management which includes, among other things, formulating strategies and policies, and setting and achieving the Company's objectives. The Supervisory Board supervises and advises the Management Board.

Each member of the Management Board and Supervisory Board owes a duty to the Company to properly perform the duties assigned to such member and to act in the Company's corporate interest. Under Dutch law, a company's corporate interest extends to the interests of all of the company's stakeholders, including its shareholders, creditors, employees and customers.

### **Conflict of interest**

Dutch law provides that a Managing Director or a Supervisory Director of a Dutch public limited liability company, such as the Company, may not participate in the adoption of resolutions (including deliberations in respect thereof) if he or she has a direct or indirect personal interest conflicting with the interests of that company or the business connected with it. Such a conflict of interest only exists if in the situation at hand the Managing Director or Supervisory Director is deemed to be unable to serve the interests of the Company and the business connected with it with the required level of integrity and objectivity.

According to the Articles of Association, a Managing Director shall not participate in the deliberations and decision-making of the Management Board on a matter in relation to which he has a direct or indirect personal interest which conflicts with the interests of the Company and of the business connected with it. If, as a result thereof, no resolution can be passed by the Management Board, the resolution shall be passed by the Supervisory Board. A Supervisory Director shall not participate in the deliberations and decision-making of the Supervisory Board on a matter in relation to which he has a direct or indirect personal interest which conflicts with the interests of the Company and of the business connected with it, except if, as a result thereof, no resolution could be passed by the Supervisory Board, in which event the resolution can nevertheless be passed by the Supervisory Board.

If a member of the Management Board does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and this member may be held liable towards the Company. As a general rule, agreements and transactions entered into by a company based on a decision of its management board that are adopted with the participation of a board member who had a conflict of interest with respect to the matter cannot be annulled. However, under certain circumstances, a company may annul such an agreement or transaction if the counterparty misused the relevant conflict of interest. The existence of a (potential) personal conflict of interest does not affect the authority to represent the Company.

The Company is aware of the fact that Alexander van Wassenae, Supervisory Director, was designated by the Selling Shareholder and since the interests of the Selling Shareholder do not necessarily align with the interests of the Company (see 'Major shareholders and related party transactions'), a conflict of interest might arise. The Supervisory Board does not expect that this will cause Alexander van Wassenae to have a conflict with the duties he has towards the Company. In addition, Emeritor, a company that is owned for 50% by Caroline van den Bosch, Supervisory Director, is a supplier of procurement services to the Group (less than EUR 5,000 per year).

Other than the above-mentioned circumstances, the Company is not aware of any other circumstance that may lead to a potential conflict of interest between the private interests or other duties of members of the Management Board, the Supervisory Board or Senior Management vis-à-vis the



Group. No family ties exist among the members of the Management Board, Supervisory Board or Senior Management.

### ***Antecedents***

With respect to each of the members of the Supervisory Board, the Management Board and Senior Management, the Company is not aware of (i) any convictions in relation to fraudulent offences in the last five years, (ii) any bankruptcies, receiverships or liquidations of any entities in which such members held any office, directorships or senior management positions in the last five years, or (iii) any official public incrimination or sanctions of such person by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

## **Management Board**

### ***Responsibility, powers and function***

The Management Board is charged with the management of the Company, subject to the restrictions contained in the Articles of Association. In performing its duties, Managing Directors shall be guided by the interests of the Company and of the business connected with it.

The Management Board shall provide the Supervisory Board with the information necessary for the performance of its tasks in a timely fashion and submit certain important decisions to the Supervisory Board for its approval, as more fully described below. At least once a year, the Management Board shall inform the Supervisory Board in writing of the main features of the strategic policy, the general and financial risks and the administration and control system of the Company.

The Management Board may perform the legal acts referred to in Section 2:94(1) DCC without the prior approval of the General Meeting. The Management Board is entitled to represent the Company. The power to represent the Company also vests in each Managing Director individually.

### ***Management Board Rules***

Pursuant to the Articles of Association, the Management Board has adopted internal rules regulating its organisation, decision-making process and other internal matters of the Management Board (“**Management Board Rules**”), in addition to the relevant provisions of the Articles of Association.

### ***Appointment, dismissal and suspension***

The Company has a Management Board consisting of up to three (3) Managing Directors. The Management Board shall be composed of individuals.

The General Meeting shall appoint the Managing Directors and may at any time suspend or dismiss any Managing Director. In addition, the Supervisory Board may at any time suspend a Managing Director. A suspension by the Supervisory Board can at any time be lifted by the General Meeting.

At a General Meeting, a resolution to appoint a Managing Director can only be passed in respect of candidates whose names are stated for that purpose in the agenda of that General Meeting or the explanatory notes thereto.

If a Managing Director is suspended and the General Meeting does not resolve to dismiss him within three months from the date of such suspension, the suspension shall lapse.

If certain criteria are met, a special regime relating to corporate governance will become applicable to the Company. The consequences of this regime are further described in the paragraph ‘Dutch Structure Regime’ below.

### ***Meetings and decision-making***

Each Managing Director may cast one vote in the decision-making of the Management Board. Where there is a tie in any vote of the Management Board, the Company’s chief executive officer (the “**CEO**”) shall have a casting vote. The CEO shall not exercise this casting vote without first having consulted the chairman of the Supervisory Board (the “**Chairman**”).

A Managing Director can be represented by another Managing Director holding a written proxy for the purpose of the deliberations and the decision-making of the Management Board.

Resolutions of the Management Board shall be passed, irrespective of whether this occurs at a meeting or otherwise, by Simple Majority unless the Management Board Rules provide differently.

Invalid votes, blank votes and abstentions shall not be counted as votes cast. Managing Directors who casted an invalid or blank vote or who abstained from voting shall be taken into account when determining the number of Managing Directors who are present or represented at a meeting of the Management Board.

Meetings of the Management Board can be held through audio-communication facilities, unless a Managing Director objects thereto.

Resolutions of the Management Board may, instead of at a meeting, be passed in writing, provided that all Managing Directors are familiar with the resolution to be passed and none of them objects to this decision-making process.

The approval of the Supervisory Board is required for resolutions of the Management Board concerning, *inter alia*, the following matters (as described in the Articles of Association) (irrespective of any approval by the General Meeting being required):

- the issue and acquisition of shares in and debt instruments against the Company or debt instruments against a limited partnership or general partnership of which the Company is a fully liable partner;
- the cooperation with the issue of depository receipts for shares in the Company's capital;
- applying for the admission of the securities referred to in the above items for trading on a regulated market or a multilateral trading facility, as referred to in Section 1:1 of the Dutch Financial Supervision Act, or on a system comparable to a regulated market or multilateral trading facility in a state which is not a Member State, or the application for a cancellation of such admission;
- entering into or terminating a long-lasting alliance of the Company or of a Dependent Company either with another entity or partnership, or as a fully liable partner of a limited partnership or general partnership, if this alliance or termination is of significant importance for the Company;
- acquiring an interest in the capital of another company by the Company or by a Dependent Company with a value of at least one fourth of the amount of the issued share capital and the reserves, according to the Company's balance sheet with explanatory notes, as well as increasing or decreasing such an interest significantly;
- investments which require an amount equal to at least one fourth of the amount of the issued share capital and the reserves of the Company, according to its balance sheet with explanatory notes;
- a proposal to amend the Articles of Association;
- a proposal to dissolve the Company;
- application for bankruptcy and requesting a suspension of payments;
- terminating the employment contracts of a considerable number of employees of the Company or of a Dependent Company at the same time or within a short period of time;
- a significant change in the working conditions of a considerable number of employees of the Company or of a Dependent Company;
- a proposal to reduce the issued share capital; and
- such other resolutions of the Management Board as the Supervisory Board shall have specified in a resolution to that effect and notified to the Management Board.

The approval of the General Meeting is required for resolutions of the Management Board concerning a material change to the identity or the character of the Company or the business, including in any event (as described in the Articles of Association):

- transferring the business or materially all of the business to a third party;
- entering into or terminating a long-lasting alliance of the Company or of a subsidiary either with another entity or company, or as a fully liable partner of a limited partnership or general partnership, if this alliance or termination is of significant importance for the Company; and
- acquiring or disposing of an interest in the capital of a company by the Company or by a subsidiary with a value of at least one third of the value of the assets, according to the balance sheet with explanatory notes or, if the Company prepares a consolidated balance sheet, according to the consolidated balance sheet with explanatory notes in the Company's most recently adopted annual accounts.

The absence of the approval of the Supervisory Board or the General Meeting of a resolution relating to abovementioned topics shall result in the relevant resolution being null and void pursuant to Section 2:14(1) DCC but shall not affect the powers of representation of the Management Board or of the Managing Directors.

### ***Managing Directors***

The Management Board is currently composed of the following members:

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Term</b>	<b>Member since</b>
Jan Bruggenthijis	58	Chief Executive Officer	2 years	September 2014
Boudewijn Nijdam	54	Chief Financial Officer	4 years	October 2015

The Company's registered address serves as the business address for the members of the Management Board.

#### ***Jan Bruggenthijis***

Jan Bruggenthijis was appointed Chief Executive Officer of the Group in September 2014. Jan Bruggenthijis, who is a mechanical engineer, has been working for industrial companies for over 36 years starting in 1979 to become an experienced leader in international technical project environments. He was appointed to a general management function in 1985 and became member of the management board of GTI (now part of Cofely) in 1998. In 2001 he joined Stork to become general manager of Stork Industry Services, the largest division of Stork N.V. He grew the business internationally from EUR 160 million to over EUR 700 million in 7 years becoming one of the world leaders in industrial services for oil & gas. He left Stork at the end of 2010 and was temporary general manager for Hertel Middle East and Eriks Continental Europe West before joining the Group as general manager in September 2014.

Jan Bruggenthijis is currently chairman of the board of Hobré International in Purmerend. Furthermore, he is the owner and director of JB2 Management B.V. in Houten.

#### ***Boudewijn Nijdam***

Boudewijn Nijdam started in July 2015 as CFO at the Group as successor of Rene Schmeitz. He started his career with Air Products & Chemicals in several finance positions in Brussels, London and Hamburg. In 1992, he was appointed as Finance Director for the German operation of Sprint International and moved to London in 1994 to become VP Finance for the Northern European. Late 90's, he returned to the Netherlands to become Managing Director of Interoute telecoms for the its operations in the Netherlands and Belgium. In 2002, Boudewijn joined Petroplus as Finance Director, an oil refining & trading company that had its IPO on the Swiss stock exchange in 2006. In 2007, he returned to the Netherlands as CFO for Strukton Bouw & Vastgoed, a large building & project development company active within the Benelux and later as CFO for Damen Schelde Naval Shipbuilding before joining the Group as CFO in August 2015. Boudewijn holds a MBA degree from Webster University and a Msc degree from NYU Stern School of Business.

### ***Management Board remuneration***

As determined in the Articles of Association, the General Meeting shall determine the Company's policy concerning the remuneration of the Management Board with due observance of the relevant statutory requirements. The remuneration of Managing Directors shall be determined by the Supervisory Board with due observance of the remuneration policy determined by the General Meeting. The Supervisory Board shall submit proposals concerning arrangements in the form of shares or rights to subscribe for shares to the General Meeting for approval. This proposal must at least include the number of shares or rights to subscribe for shares that may be awarded to the Management Board and which criteria apply for such awards or changes thereto. The absence of the approval of the General Meeting shall not affect powers of representation.

Upon termination, the Managing Directors will be entitled to a compensation equal to 50% of the last earned gross fixed annual compensation excluding (pension) contributions, commission, bonus or fringe benefits, unless the Company has an urgent cause (*dwingende reden*) as defined in article 7:678 DCC to terminate the service agreement.

The total remuneration costs in relation to the Management Board for 2014 are set forth in the following table:

Name	Base salary	Employer's pension contributions	Annual bonus	Other benefits (car lease, travel expenses)	Social security and other payments	Total remuneration
Jan Bruggenthij's*	EUR 75,676.75	EUR 20,204.96	EUR 333.33	EUR 8,573.88	EUR 6,054.13	EUR 110,843.05
Boudewijn Nijdam*	N/a	N/a	N/a	N/a	N/a	N/a

\* Jan Bruggenthij's began office on 1 September 2014. As a result, the amounts paid refer to the period 1 September 2014 up to 31 December 2014. Boudewijn Nijdam was not yet in office in 2014, so he received no remuneration for that year.

As per 31 December 2014, no pension accrued in relation to Jan Bruggenthij's and Boudewijn Nijdam, as they entered into office in August 2014 and October 2015 respectively.

### ***Equity holdings***

Jan Bruggenthij's and Boudewijn Nijdam do not have any equity holdings in the Company at the date of this Document.

## **Supervisory Board**

### ***Responsibility, powers and function***

The Supervisory Board is charged with the supervision of the policy of the Management Board and the general course of affairs of the Company and of the business connected with it. The Supervisory Board shall provide the Management Board with advice. In performing their duties, Supervisory Directors shall be guided by the interests of the Company and of the business connected with it.

### ***Supervisory Board Rules***

Pursuant to the Articles of Association, the Supervisory Board has adopted internal rules regulating its organisation, decision-making process and other internal matters of the Supervisory Board ("Supervisory Board Rules"), in addition to the relevant provisions of the Articles of Association.

### ***Appointment, dismissal and suspension***

The Company has a Supervisory Board consisting of five (5) Supervisory Directors (save for the period between 14 January 2016 and Listing Date, during which the Supervisory Board will temporarily consist of 4 members). The Supervisory Board shall be composed of individuals.

The General Meeting shall appoint the Supervisory Directors on the basis of a (non-binding) nomination by the Supervisory Board. A Supervisory Director may at any time be suspended or dismissed by the General Meeting. If a Supervisory Director is suspended and the General Meeting does not resolve to dismiss him within three (3) months from the date of such suspension, the suspension shall lapse.

At a General Meeting, a resolution to appoint a Supervisory Director can only be passed in respect of candidates whose names are stated for that purpose in the agenda of that General Meeting or the explanatory notes thereto.

If certain criteria are met, a special regime relating to corporate governance will become applicable to the Company. The consequences of this regime are further described in the paragraph 'Dutch Structure Regime' below.

### ***Meetings and decision-making***

Each Supervisory Director may cast one vote in the decision-making of the Supervisory Board. Where there is a tie in any vote of the Supervisory Board, the Chairman shall have a casting vote.

Resolutions of the Supervisory Board shall be passed, irrespective of whether this occurs at a meeting or otherwise, by Simple Majority unless the Supervisory Board Rules provide differently.

Invalid votes, blank votes and abstentions shall not be counted as votes cast. Supervisory Directors who casted an invalid or blank vote or who abstained from voting shall be taken into account when determining the number of Supervisory Directors who are present or represented at a meeting of the Supervisory Board.

Meetings of the Supervisory Board can be held through audio-communication facilities, unless a Supervisory Director objects thereto.

Resolutions of the Supervisory Board may, instead of at a meeting, be passed in writing, provided that all Supervisory Directors are familiar with the resolution to be passed and none of them objects to this decision-making process.

### ***Supervisory Directors***

The below Supervisory Directors are appointed conditional on the completion of the Offering by the Listing Date. As of 14 January 2016 and only until Listing Date, the Supervisory Board consists of the former supervisory board members of GKSE Holding B.V.: Mr. J.M.J.J. op den Kamp, Mr. B.E. Carlsen, Mr. A.P.W. van Wassenaeer and Mr. A. Goedee.

As per the Listing Date, the Supervisory Board will be composed of the following members:

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Term</b>	<b>Member as of</b>	<b>Dependent/ Independent</b>
Andre Goedee	64	Supervisory Director	4 years	Listing Date	Independent
Maarten Schönfeld	66	Supervisory Director	2 years	Listing Date	Independent
Peter Gerretse	60	Supervisory Director	4 years	Listing Date	Independent
Caroline van den Bosch	51	Supervisory Director	4 years	Listing Date	Independent
Alexander van Wassenaeer	56	Supervisory Director	4 years	Listing Date	Dependent

The Company's registered address serves as the business address for the members of the Supervisory Board.

#### ***Andre Goedee***

Andre Goedee has been a member of the supervisory board of the Selling Shareholder since December 2015. Between 2003 and 2013, Andre Goedee was the CEO of Dockwise. Following the acquisition of Dockwise by Boskalis, Andre Goedee acted as member of the executive board of Boskalis and advisor to the board. Before joining Dockwise, Andre Goedee worked as CEO European staffing at Vedior Professional Services (1999 -2003), as EVP at Heerema Offshore Services (1989 – 1999) and Neddrill Drilling Contractors (1977 – 1989). Andre Goedee obtained a final degree Master Mariner (maritime technical engineering) in 1978 at the Mercantile Marine College in Scheveningen/Rotterdam and has participated in various management and marketing programs at various academic institutes.

#### ***Maarten Schönfeld***

Maarten Schönfeld presently holds the position of member of the supervisory board of Fugro and Arcadis. From 2001 until 2008, Maarten Schoönfeld has held the position of CFO and vice-chairman of the management board of Stork and has been member of the Financial Reporting & Accountancy Committee of the Dutch Authorities Financial Markets (AFM) between 2006 through 2012. Maarten Schönfeld also serves a member of the supervisory committees at The Technical University Delft (Netherlands), The Royal Art Academy and Conservatorium (The Hague) and Foundation Continuïteit ICT. Maarten Schönfeld holds a degree in Business Administration from the University of Groningen and obtained an MBA at INSEAD Fontainebleau.

#### ***Caroline van den Bosch***

Caroline van den Bosch is managing partner and shareholder of Emeritor since June 1998, a leading procurement services provider in the Netherlands. Emeritor also includes software development (INCONTO & Global Brainforce) businesses. Besides her work for Emeritor, Caroline van den Bosch owns 50% of the shares of Meal Company, that manufactures unmanned catering machines. In addition, Caroline van den Bosch has been a moderator for Alex van Groningen since June 2011 and has been a member of the supervisory committee of the Amstelveen Sportbedrijf until July 2013. Caroline van den Bosch holds a marketing degree from the school for business administration and economics (HEAO) in Utrecht and a NIMA-C Marketing degree (MBA level).

#### ***Peter Gerretse***

Peter Gerretse has been a member of the supervisory board of Aeronamic Holding since 2010. Between 1995 and 2013, Peter Gerretse worked at Vanderlande Industries, a leading supplier of Material Handling systems, where he has last served as president and CEO. Before Peter Gerretse joined Vanderlande Industries, he worked at Fokker Aircraft, where he has also held several



management positions. Peter Gerretse holds an engineering degree in Aerospace Engineering from Technical University Delft.

#### *Alexander van Wassenauer*

Alexander van Wassenauer has been a member of the supervisory board of the Selling Shareholder since 2014 at the time he became a partner at Egeria Investments. Alexander van Wassenauer has been active in private equity since 2001, first as a partner in the direct buyouts team at AlpInvest, and subsequently at Taros Capital since 2006. At Egeria, Alexander van Wassenauer is responsible for one of Egeria's longhold portfolio, including Muelink & Grol Group, Royal Mosa and Sif Group and, as such, also is a member of the supervisory boards of these companies. Alexander van Wassenauer also owns several small innovative companies. Alexander van Wassenauer started his career at McKinsey & Company's Amsterdam office and worked there from 1989 until 2001. At McKinsey, he was a principal, responsible for the Benelux corporate finance practice. Alexander van Wassenauer holds an engineering degree in Agricultural Sciences (Economics) from Wageningen Agricultural University and a PhD in Business Economics from Harvard University.

#### ***Supervisory Board remuneration***

According to the Articles of Association, the General Meeting may grant a remuneration to the Supervisory Directors.

No payments were paid out to or pensions, retirements or similar benefits were set aside for the Supervisory Board in 2014 as the Supervisory Board will be installed only in 2016.

With respect to the Supervisory Directors, no benefits upon termination of employment are agreed.

#### ***Equity holdings***

None of the Supervisory Directors have any equity holdings in the Company at the date of this Document.

#### **Committees**

##### ***Audit Committee***

The Audit Committee assists and advises the Supervisory Board on its audit duties and prepares its decisions in this regard. The duties of the Audit Committee include supervising and assessing the effectiveness of internal risk management and control systems and the financial information to be disclosed by the Company. It also supervises the Company's compliance programme with recommendations and observations of internal and external auditors, the functioning of the internal audit department, the Company's policy on tax planning, information and communication technology and the Company's financing. In addition, it maintains regular contact with and supervises the external auditor and it nominates an external auditor for appointment by the General Meeting. It also prepares the annual accounts, the annual budget and substantial capital expenditures of the Company, to be approved by the Supervisory Board. The Audit Committee will at least once a year hold a meeting with the external auditor of the Company without any of the members of the Management Board being present. The Audit Committee will meet as often as one or more of its members requests a meeting but in any event at least four times a year. At least one of its members must have relevant expertise in accounting and the financial administration of listed companies or other "large" companies. All members of the Audit Committee except one must be independent (within the meaning of the Dutch Corporate Governance Code). Neither the Chairman nor any of the current or former members of the Management Board may (simultaneously) be the chairman of the Audit Committee.

The roles and responsibilities of the Audit Committee as well as the composition and the manner in which it discharges its duties are set out in the rules for the Audit Committee, and, in part, in the Supervisory Board Rules.

The Audit Committee will consist of Maarten Schönfeld (chairman), Caroline van den Bosch and Alexander van Wassenauer.

##### ***Selection and Appointment Committee***

The Selection and Appointment Committee advises the Supervisory Board on its duties regarding the selection and appointment of Managing Directors and Supervisory Directors. The Selection and Appointment Committee is charged with drawing up selection criteria and appointment procedures for Supervisory Directors and Managing Directors. Furthermore, it periodically assesses the size and



composition of the Supervisory Board and the Management Board, and makes proposals for the profile of the Supervisory Board. In addition, the Selection and Appointment Committee periodically assesses the functioning of individual Supervisory Directors and Managing Directors, and reports on this to the Supervisory Board. The Selection and Appointment Committee is also charged with making proposals for appointments and reappointments of Supervisory Directors and Managing Directors. Finally, it is responsible for supervising the policy of the Management Board on the selection criteria and appointment procedures for the Company's senior management. The Selection and Appointment Committee will meet as often as one or more of its members requests a meeting but in any event at least once a year. All members of the Selection and Appointment Committee, except for one, must be independent (within the meaning of the Dutch Corporate Governance Code).

The roles and responsibilities of the Selection and Appointment Committee, as well as the composition and the manner in which it discharges its duties, are set out in the rules for the Selection and Appointment Committee and, in part, in the Supervisory Board Rules.

The Selection and Appointment Committee will consist of Caroline van den Bosch (chairman), Andre Goedee and Alexander van Wassenaeer.

### ***Remuneration Committee***

The Remuneration Committee assists and advises the Supervisory Board on its duties regarding the remuneration of the members of the Management Board and the Supervisory Board. The duties of the Remuneration Committee include preparing proposals for the Supervisory Board concerning the remuneration policy for the members of the Management Board and the remuneration of the individual members of the Management Board within the framework of the remuneration policy as adopted by the General Meeting and analyses the possible outcome of the variable remuneration components and how they may affect the remuneration of the members of the Management Board. It also prepares the remuneration report on the remuneration policies for the Management Board to be adopted by the Supervisory Board. The Remuneration Committee will meet as often as one or more of its members requests a meeting but in any event at least once a year. All members of the Remuneration Committee, except for one, must be independent (within the meaning of the Dutch Corporate Governance Code). No more than one committee member may also be a managing director of another Dutch listed company.

The roles and responsibilities of the Remuneration Committee, as well as the composition and the manner in which it discharges its duties, are set out in the rules for the Remuneration Committee, and, in part, in the Supervisory Board Rules.

The Remuneration Committee will consist of Peter Gerretse (chairman), Maarten Schönfeld and Alexander van Wassenaeer.

### **Senior Management**

The Company's Senior Management is composed of the following individuals:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Michel Kurstjens	48	Chief Commercial Officer
Luc De Proost	55	Chief Operating Officer

#### ***Michel Kurstjens***

Michel Kurstjens (mechanical engineer) started in 1991 as design-engineer and took on sales in an industrial/technical environment shortly after. Over the years, he acquired 24 years of technical and international sales experience, sales management and general management experience in various technical niche companies, of which 15 years within the Aalberts Industries Industrial Products Division. Aligning market opportunities and internal operations has led to the growth of profit and revenue of the companies he has worked for throughout his career. Markets in which he has operated include oil & gas (exploration and production), defence & aerospace, automotive and semiconductors. Michel joined the Group in April 2013 as Chief Commercial Officer.

#### ***Luc De Proost***

Luc De Proost (civil engineer in architecture) has been involved for over 30 years in wind energy. He spent his first 10 years developing wind turbines and building wind farms across Europe with WindMaster. He joined the Hansen Transmissions International sales force in 1995. For Hansen he established dedicated factories for serial production of wind turbine main drive gearboxes in Belgium,

India and China as from 2001. Since 2011 Luc has assisted various companies supplying offshore foundations – such as Smulders, Nordseewerke and the Group – to upgrade their serial production capabilities. Since he joined the Group as Chief Operating Officer in 2014, Luc De Proost performed his services under a service contract between the Group and Interventions BVBA. Prior to the Offering, this contract was replaced by an employment contract.

#### **Senior Management remuneration**

The total remuneration costs in relation to Senior Management for 2014 is set forth in the following table:

Name	Base salary	Employer's pension contributions	Annual bonus	Other benefits (car lease, travel expenses)	Social security and other payments	Total remuneration
	EUR	EUR	EUR	EUR	EUR	EUR
Michel Kurstjens	121,989.74	32,735.60	26,000.00	27,701.97	9,759.19	218,186.50
Luc De Proost*	N/A	N/A	N/A	N/A	N/A	N/A

\* Luc De Proost was not employed by the Group in 2014 but performed his services under a service contract between the Group and Interventions BVBA. Under that agreement Interventions BVBA received EUR 283,910.60 in fees and expenses in 2014.

As per 31 December 2014, the following amounts were accrued in relation to pension: Michel Kurstjens: EUR 39,105.19 (Through Pension fund Metal and Technique). Luc De Proost has not accrued any amounts in relation to pension due to the fact that he was not employed by the Company in 2014.

#### **Equity holdings**

Michel Kurstjens and Luc De Proost do not have any equity holdings in the Company at the date of this Document.

#### **Dutch Structure Regime**

A special regime relating to corporate governance applies to large Dutch companies (“**Structure Companies**”) that meet certain criteria (the “**Structure Regime**”). The Structure Regime applies to, amongst others, Dutch public limited liability companies, that meet at least two of the following three criteria: (i) the issued capital of the company together with the reserves according to the balance sheet with explanatory notes amounts to at least EUR 16,000,000; (ii) the company has formed a works’ council based on a legal requirement thereto; and (iii) generally at least 100 employees are employed by the company and any affiliates.

If a company qualifies as a Structure Company, it must register itself as such in the Dutch trade register within two months after the annual accounts were adopted. After three years of continuous registration, the requirements of the Structure Regime will apply to such company.

The Company has not timely registered itself with the Dutch Trade Register upon meeting two of the above criteria, but has made such registration before the date of this Document. Since failure to register as a Structure Company constitutes an economic offense, the Company may face sanctions for neglecting register in the past.

The primary consequence of applying the Structure Regime is that the Supervisory Board will appoint the Management Board, rather than the General Meeting. Furthermore, certain amendments to the Articles of Association shall be made automatically and by operation of law as a consequence.

The Structure Regime will become applicable to the Company upon:

- sections 2:158 through 2:164 DCC becoming applicable to the Company pursuant to Section 2:154 DCC (and even Section 2:162 DCC does not apply to the Company); or
- if earlier, the Management Board having filed a notice with the Dutch trade register evidencing that the Management Board received a notice from the Selling Shareholder in writing stating that the Shares held, or for the account and risk of, the Selling Shareholder, representing a percentage of the Company’s issued share capital that has become less than 20%.

Upon having received such a notification under (b), the Management Board shall promptly file a notice thereof with the Dutch trade register.

*Management Board – appointment, suspension and dismissal*

Upon the Structure Regime becoming applicable to the Company, the Supervisory Board shall appoint the Managing Directors and may at any time suspend or dismiss any Managing Director. The Supervisory Board shall notify the General Meeting of a proposed appointment of a Managing Director. The Supervisory Board shall not dismiss a Managing Director until after the General Meeting has been consulted about the proposed dismissal.

If a Managing Director is suspended and the Supervisory Board does not resolve to dismiss him within three months from the date of such suspension, the suspension shall lapse.

*Supervisory Board – appointment, suspension and dismissal*

Upon the Structure Regime becoming applicable to the Company, the Company's Supervisory Board will consist of at least three (3) Supervisory Directors. The Supervisory Board shall be composed of individuals. Supervisory Directors cannot be:

- persons who are employed by the Company;
- persons who are employed by a dependent company; and
- directors and persons employed by an employee organisation which is customarily involved in determining the employment conditions of the persons referred to above.

The Supervisory Board shall determine the number of Supervisory Directors with due observance of the above. If the number of Supervisory Directors is less than three, the Supervisory Board shall promptly take steps to supplement its members.

The General Meeting shall appoint the Supervisory Directors at the nomination of the Supervisory Board. The Supervisory Board shall notify the General Meeting and the works council of the Group (the “**Works Council**”) simultaneously of its nomination. The nomination shall be supported by reasons. The nomination will not be submitted to the General Meeting until after the Works Council, in a timely fashion prior to the date of convening the General Meeting, has been given the opportunity to take a position on that matter. The chairman or a member of the Works Council designated by him may explain the Works Council's position in the General Meeting. The absence of such a position shall not affect the decision-making concerning the proposal for appointment.

The General Meeting and the Works Council may recommend persons to the Supervisory Board for nomination as Supervisory Director. For this purpose, the Supervisory Board shall inform them in a timely fashion when, why and in accordance with which profile a vacancy in its midst must be filled. If the enhanced right of recommendation as referred to in the following paragraph applies to the vacancy, the Supervisory Board shall indicate this as well.

As regards one third of the number of members of the Supervisory Board, the Supervisory Board shall nominate a person recommended by the Works Council, unless the Supervisory Board objects to the recommendation on the basis of the expectation that the person recommended will be unfit to fulfil the duties as Supervisory Director or that the Supervisory Board will not be properly composed upon appointment in accordance with the recommendation. If the number of members of the Supervisory Board is not divisible by three, the nearest lower number that is divisible by three shall be used to determine the number of Supervisory Directors in respect of which this enhanced right of recommendation applies.

The General Meeting may reject the aforementioned nomination of the Supervisory Board by Simple Majority, representing at least one third of the issued share capital. If the shareholders withhold their support of a candidate by Simple Majority, but this majority did not represent at least one third of the issued share capital, a new meeting may be convened where the nomination may be rejected by Simple Majority. In that case, the Supervisory Board shall draw up a new nomination. If the General Meeting does not appoint the person nominated and does not pass a resolution rejecting the nomination, the Supervisory Board shall appoint the person nominated.

The General Meeting may pass a resolution of no confidence in the Supervisory Board by Simple Majority, representing at least one third of the issued share capital. The resolution shall be supported by reasons. Such a resolution may not be passed until after the Management Board has notified the Works Council of the proposal for the resolution and the reasons therefor. The notification shall be made at least thirty (30) days prior to the General Meeting where the proposal will be considered. If the Works Council takes a position on the proposal, the Management Board shall inform the Supervisory Board and the General Meeting of that position. The Works Council may explain its position in the General Meeting.

A Supervisory Director can be suspended by the Supervisory Board.

#### **Maximum number of positions of members of the Management Board and Supervisory Board**

If a company meet at least two of the following three criteria: (i) the value of the company's assets according to its balance sheet together with explanatory notes, on the basis of the purchase price or manufacturing costs exceeds EUR 17.5 million; (ii) its net turnover in the applicable year exceeds EUR 35.0 million; and (iii) its average number of employees in the applicable year is 250 or more, the Company needs to comply with additional rules as it qualifies as a “**Large Company**”. A person cannot be appointed as a managing or executive director of a company if he/she already holds a supervisory position at more than two other Large Companies or if he/she is the Chairman or the chairman of the one-tier board of another Large Company. Also, a person cannot be appointed as a supervisory director or non-executive director of a Large Company if he/she already holds a supervisory position at five or more other Large Companies whereby the position of Chairman or the chairman of the one-tier board of another Large Company is counted twice. The Company meets the criteria of a Large Company; all Managing Directors and Supervisory Directors comply with these rules.

#### **Diversity**

Dutch law requires Large Companies to pursue a policy of having at least 30% of the seats on both the management board and supervisory board held by men and at least 30% of the seats on the management board and supervisory board held by women, each to the extent these seats are held by natural persons. Under Dutch law, this is referred to as a well-balanced allocation of seats. This allocation of seats will be taken into account in connection with the following actions: (i) the appointment, or nomination for the appointment, of Managing Directors and Supervisory Directors; (ii) drafting the criteria for the size and composition of the Management Board and Supervisory Board, as well as the designation, appointment, recommendation and nomination for appointment of Supervisory Directors; and (iii) drafting the criteria for the Supervisory Directors. These statutory rules on gender diversity have automatically lapsed on 1 January 2016. At the date of this Document it is unclear whether these rules will be renewed. The Dutch Minister of Education, Culture and Science will inform the Dutch parliament in Q4 2016 in this regard. The Company currently does not meet these gender diversity targets nor will it after the appointment of the new Supervisory Directors as described under ‘Supervisory Directors’ above. The Company will explain in its 2015 annual report (i) why the seats are not allocated in a well-balanced manner as aforesaid; (ii) how the Company has attempted to achieve a well-balanced allocation; and (iii) how the Company aims to achieve a well-balanced allocation in the future.

#### **Liability and Insurance of the members of the Management Board and the Supervisory board**

##### ***Liability***

Under Dutch law, members of the Management Board and the Supervisory Board may be liable to the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to the Company and to third parties for infringement of the Articles of Association or of certain provisions of the DCC. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

##### ***Insurance***

Members of the Management Board, members of the Supervisory Board, Senior Management and certain other officers of the Group are insured under an insurance policy taken out by the Company against damages resulting from their conduct when acting in the capacities as such members or officers.

##### ***Indemnification***

Based on the Articles of Association, the Company indemnifies and holds harmless each of its current or former Managing Director or Supervisory Director or such current or former officer or employee of the Company or its Group Companies as the Management Board may determine at its absolute discretion (an “**Indemnified Officer**”) against:

- any financial losses or damages incurred by such Indemnified Officer; and

- any expense reasonably paid or incurred by such Indemnified Officer in connection with any threatened, pending or completed suit, claim, action or legal proceedings of a civil, criminal, administrative or other nature, formal or informal, in which he becomes involved,

to the extent this relates to his current or former position with the Company and/or a Group and in each case to the extent permitted by applicable law.

No indemnification shall be given to an Indemnified Officer:

- if a competent court or arbitral tribunal has established that the acts or omissions of such Indemnified Officer that led to the financial losses, damages, expenses, suit, claim, action or legal proceedings as described above are of an unlawful nature (including acts or omissions which are considered to constitute malice, gross negligence, intentional recklessness and/or serious culpability attributable to such Indemnified Officer); and
- to the extent that his financial losses, damages and expenses are covered under an insurance and the relevant insurer has settled, or has provided reimbursement for, these financial losses, damages and expenses (or has irrevocably undertaken to do so).

## **Employees**

### ***Works council***

With regard to the employees of Sif Netherlands B.V. employed in the Netherlands, the Company has established a works council. A works council is a body of employee representatives who have been elected by the employees. Under Dutch law, the management board of any company running an enterprise where a works council has been established must seek the non-binding advice of the works council before taking certain decisions with respect to the enterprise, such as those related to a major restructuring, a change of control, or the appointment or dismissal of a managing director. Certain other decisions directly involving employment matters that apply either to all employees or certain groups of employees may only be taken with the works council's consent.

### ***Incentive plan***

#### ***Short term incentive plan***

Each year, Managing Directors and Senior Managers (together the “**Directors**”) may be granted a bonus equal to 50% of gross fixed annual compensation if specified performance targets have been reached, and, if the performance targets have been outreached, a maximum of 80% of the gross fixed annual compensation will apply, to be determined by the Supervisory Board.

#### ***Long term incentive plan***

In case the Company will adopt an option plan or other long term incentive plan, which may take place on the annual general meeting of the Company in 2017, the Managing Directors and, possibly, the Senior Managers will be entitled to participate in such plan, on the terms and conditions of such plan, subject to the Company's remuneration policy and with due observance of article 2:135 subsection 5 DCC (including any requisite approval of the general meeting as stipulated by such provision of the DCC as may be required from time to time).

#### ***Offering reward***

In case of a successful Offering and provided that certain conditions are met, several employees of the Group will be awarded an Offering reward (“**Offering Reward**”). The Offering Reward will amount to the following:

- The Directors and one former director: an Offering Reward, in cash before income tax deductions, which depends on the enterprise value of the Company in the Offering (market value of all issued Shares of the Company including net debt, “**EV**”). On the basis of the midpoint of the price range, the total Offering Reward for all Directors and the former director together will amount to EUR 16.8 million. Part of the total Offering Reward will be set aside for an Offering Reward for the Company's Key personnel (see below).

Dependent on the EV, between 35-45% of the Offering reward will be paid for by the Selling Shareholder and the remainder will be borne by the Company.

The Offering Reward is subject to a secured clawback arrangement, which operates as a lock-up arrangement, whereby 50% of the net Offering Reward received by any individual Director may be reclaimed by the Company if, amongst others, the management or employment agreement of the Director terminates within one year and 25% in case of termination after two years.



- Key personnel (21 persons): an Offering Reward of a maximum of EUR 100,000 per person, part of which amount is provided by deduction from the Offering Reward of the Directors as described above. The Offering Reward is subject to income tax, it will be awarded fully in Shares and is subject to a secured clawback arrangement, on the basis of which the net Offering Reward may be reclaimed by the Company if the employment agreement of the relevant person terminates within one year.
- All other permanent personnel: a cash Offering Reward of gross EUR 2,000.

Approximately 35-45% of the Offering Reward will be borne by the Selling Shareholder (the exact amount is dependent on the EV at the time of the Offering). The remaining part will be borne by the Company.

## 12. DESCRIPTION OF SHARE CAPITAL AND CORPORATE GOVERNANCE

*The following paragraphs summarise certain information concerning the Company's share capital and certain material provisions of the Articles of Association and applicable Dutch law as in force of the date of this Document. This section summarises the Articles of Association.*

*This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the Articles of Association and the relevant provisions of Dutch law as in force on the date of this Document. The Articles of Association (in the governing Dutch language and in an unofficial English translation thereof) are available on the Company's website ([www.sif-group.com](http://www.sif-group.com)). See also 'Management, Supervisory Board, Senior Management and Employees' for a summary of certain material provisions of the Articles of Association, the Management Board Rules, the Supervisory Board Rules and Dutch law relating to the Management Board and the Supervisory Board.*

### General

The Company was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on 4 June 1974. On 14 January 2016, the Company changed its legal and commercial name to Sif Holding N.V. and converted its legal structure to a public limited liability company (*naamloze vennootschap*) pursuant to a notarial deed of amendment and conversion in accordance with a resolution of the General Meeting adopted on 14 January 2016 (the “**Deed of Amendment**”). Other commercial names used by the Group are Sif and Sif Group.

The Company has its corporate seat (*statutaire zetel*) in Roermond, the Netherlands and its business address is at Mijnheerkensweg 33, 6040 AM Roermond, the Netherlands (tel: +31 475385777). The Company is registered in the Commercial Register of the Chamber of Commerce (*handelsregister van de Kamer van Koophandel*) under number 13027369.

### Corporate Purpose

Pursuant to article 3 of the Articles of Association, the company's objects are:

- a) to treat, to process and to trade in heavy sheet metal, to fabricate and trade in tubes, constructions and components for the offshore wind industry and, in that field, to invest and to promote research, development and innovation;
- b) to perform and to cause the performance of engineering activities in-house and for third parties either by own personnel or third parties;
- c) to acquire, to exploit, to dispose of and to encumber industrial and intellectual property rights and registered assets;
- d) to invest assets;
- e) to participate in, to finance, to cooperate with, to hold any other interest in and to conduct the management or supervision of other entities, companies, partnerships and businesses and to provide advice and other services; and
- f) to furnish guarantees, to provide security, to warrant performance in any other way and to assume liability, whether jointly and severally or otherwise, in respect of obligations of Group Companies or other parties,

and to do anything which, in the widest sense, is connected with or may be conducive to the objects described above.

### Share Capital

#### *Authorised and issued share capital*

The authorised capital of the Company amounts to EUR 25,000,000 and consists of 125,000,000 Shares with a nominal value of EUR 0.20 each and the issued share capital consist of EUR 5,100,271.20, being 25,501,356 Shares.

As of the date of this Document, no Shares are held by the Company. All issued Shares are fully paid-up and are subject to, and have been created under, the laws of the Netherlands.

### ***History of share capital***

As per 8 December 2005, the issued share capital of the Company amounted to EUR 45,400, consisting of 454 shares with a nominal value of EUR 100. On 14 January 2016, in light of the Offering, each of the Company's shares were split into 500 Shares, each with a nominal value of EUR 0.20. Furthermore, 25,274,356 additional Shares were issued, resulting in a total of 25,501,356 issued Shares.

### ***Form of Shares***

The Shares have been, or will be, created under Dutch law and each Share must be paid up in full upon issuance. The Shares are in registered form and may be entered into a collection deposit (*verzameldepot*) and/or giro deposit (*girodepot*) on the basis of the Dutch Securities Giro Transfer Act (*Wet Giraal Effectenverkeer*) by transfer or issuance to Euroclear Nederland or to an intermediary. The intermediaries, as defined in the Dutch Securities Giro Transfer Act, are responsible for the management of the collection deposit and Euroclear Nederland, being the central institute for the purposes of the Dutch Securities Giro Transfer Act, will be responsible for the management of the giro deposit.

### ***Shareholders' register***

Pursuant to Dutch law and the Articles of Association, the Company must keep a register of Shareholders. The Company's shareholders' register must be kept up to date and records the names and addresses of all Shareholders, indicating the date on which the Shares were acquired, the date of the acknowledgement or service as well as the amount paid on each Share. The register also includes the names and addresses of those with a right of usufruct (*vruchtgebruik*) or a pledge (*pandrecht*) in respect of Shares.

If requested, the Management Board will provide a Shareholder, usufructuary or pledgee of such Shares that is registered in the shareholders' register with an extract from the register relating to its title to a Share free of charge. If the Shares are encumbered with a right of usufruct, the extract will state to whom such rights will fall. The shareholders' register is kept by the Management Board.

If Shares belong to a collection deposit or giro deposit as referred to in the Dutch Securities Giro Act, the name and address of the intermediary or the central institute shall be entered in the shareholders' register, stating the date on which those Shares became part of a collective deposit or the giro deposit, the date of acknowledgement or service as well as the paid-up amount on each Share.

### ***Issue of Shares***

The General Meeting, or the Management Board, to the extent so authorised by the General Meeting for a specific period may resolve to issue Shares. The General Meeting is only authorised to resolve to issue Shares upon the proposal of the Management Board which proposal requires the approval of the Supervisory Board. The General Meeting may also designate this authority to the Management Board, subject to the prior approval of the Supervisory Board, for a period not exceeding five (5) years. A resolution by the Management Board to issue Shares requires the approval of the Supervisory Board. The foregoing also applies to the granting of rights to subscribe for Shares, such as options, but is not required for an issue of Shares pursuant to the exercise of a previously granted right to subscribe for Shares. An authorisation as referred to above will only be valid for a fixed term of no more than five years and may each time only be extended for a maximum period of five years. The Company may not subscribe for its own Shares on issue.

The Management Board is authorised for a period of eighteen (18) months following the Settlement Date, subject to the approval of the Supervisory Board, to resolve to issue Shares or grant rights to subscribe for Shares. Aforementioned authorisation of the Management Board is limited to (i) up to a maximum of 5% of the issued share capital from time to time, and (ii) an additional 5% of the issued share capital from time to time in relation to takeovers, mergers, demergers and strategic alliances.

Certain aspects of taxation of the issue of shares are described in 'Taxation'.

### ***Pre-emption rights***

Upon an issuance of Shares, each Shareholder shall have a pre-emption right in proportion to the aggregate nominal value of his shares. Shareholders do not have pre-emption rights in respect of Shares issued against non-cash contribution or Shares issued to employees of the Company or of the

Group. These pre-emption rights also apply in case of the granting of rights to subscribe for Shares, but do not apply in respect of issuing shares to a party exercising a previously acquired right to subscribe for Shares.

The Articles of Association stipulate that pre-emption rights may be limited or excluded by a resolution of the General Meeting at the proposal of the Management Board, which proposal is subject to the prior approval of the Supervisory Board. The General Meeting may also designate this authority to the Management Board, subject to the prior approval of the Supervisory Board, for a period not exceeding five (5) years, and only if the Management Board at that time is also authorised to issue Shares. A resolution of the General Meeting to limit or exclude pre-emption rights, or to grant an authorisation shall require a majority of at least two thirds of the votes cast if less than half of the issued share capital is represented at the General Meeting. Unless otherwise stipulated at its grant, the designation cannot be revoked.

The Management Board is authorised for a period of eighteen (18) months following the Settlement Date, subject to the approval of the Supervisory Board, to resolve to limit or exclude pre-emption rights in relation to an issuance of Shares or a granting of rights to subscribe for Shares. Aforementioned authorisation of the Management Board is limited to (i) up to a maximum of 5% of the issued share capital from time to time, and (ii) an additional 5% of the issued share capital from time to time in relation to takeovers, mergers, demergers and strategic alliances.

#### ***Acquisition by the Company of its Shares***

The Company may only acquire fully paid-up Shares at any time for no consideration or, subject to Dutch law and the Company's articles of association if: (i) the distributable part of the shareholders' equity is at least equal to the total purchase price of the repurchased Shares, (ii) the aggregate nominal value of the Shares which the Company acquires, holds or holds as pledge or which are held by a subsidiary does not exceed 50% of the issued share capital, and (iii) the Management Board has been authorised by the General Meeting to repurchase Shares and all other relevant statutory requirements of Section 2:98 DCC are observed. The General Meeting's authorisation remains valid for a period no longer than eighteen (18) months. When granting such authorisation, the General Meeting shall determine the number of shares that may be acquired, how they may be acquired and within which range the acquisition price must be.

No Authorisation from the General Meeting is required for the Company to acquire fully paid-up shares in its own capital in order to transfer them to employees of the Company or of a company in the Group pursuant to an arrangement applicable to them, provided that these shares are included on the price list of a stock exchange.

The Company may not cast votes on, and is not entitled to dividends paid on, Shares held by it nor will such Shares be counted for the purpose of calculating a voting quorum. For the computation of the profit distribution, the Shares held by the Company in its own capital shall not be included.

The Management Board is authorised for a period of eighteen (18) months following the Settlement Date, subject to the approval of the Supervisory Board, to resolve for the Company to acquire fully paid-up Shares by any means, including through derivative products, purchases on a stock exchange, private purchases, block trades, or otherwise, for a price which is higher than nil and does not exceed 110% of the average market price of the Company's shares on Euronext in Amsterdam (such average market price being the average of the closing prices on each of the 5 consecutive trading days preceding the date the acquisition is agreed upon by the Company). Aforementioned authorisation of the Management Board will be limited to 5% of the issued share capital of the Company from time to time.

Certain aspects of taxation of a repurchase of shares are described in 'Taxation'.

#### ***Reduction of Share Capital***

Subject to the provisions of Dutch law and the Articles of Association, the General Meeting can, but only if proposed by the Management Board subject to approval of the Supervisory Board, resolve to reduce the Company's issued share capital by (i) cancelling Shares or (ii) reducing the nominal value of Shares by virtue of an amendment of the Articles of Association. The resolution must designate the Shares to which the resolution relates and it must provide for the implementation of the resolution. Furthermore, the resolution to cancel Shares may only relate to Shares held by the Company itself or in respect of which it holds the depositary receipts. A reduction of the nominal value of Shares, without repayment must be made *pro rata* on all Shares concerned. This *pro rata* requirement may be waived if all Shareholders concerned so agree.

A resolution of the General Meeting to reduce the Company's issued share capital requires a majority of at least two thirds of the votes cast if less than half of the issued share capital is represented at the General Meeting.

In addition, Dutch law contains detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital shall not take effect as long as creditors have legal recourse against the resolution.

Certain aspects of taxation of a reduction of share capital are described in 'Taxation'.

### ***Transfer of Shares***

All Shares are registered Shares. A transfer of a Share or a restricted right thereto (*beperkt recht*) requires a deed of transfer and the acknowledgment by the Company of the transfer in writing. Such acknowledgement is not required if the Company itself is a party to the transfer.

A Share becomes a deposit share by transfer or issuance to Euroclear Nederland or to an intermediary, recording in writing that it is a deposit share. The deposit share shall be recorded in the shareholders register of the Company in the name of Euroclear Nederland or the relevant intermediary, stating in writing that it is a deposit share. Deposit shareholders are not recorded in the shareholders register of the Company. Deposit shares can only be delivered from a collective depot or giro depot with due observance of the related provisions of the Dutch Securities Giro Transactions Act and with the approval of the Management Board. The transfer by a deposit shareholder of its book-entry rights representing deposit shares shall be effected in accordance with the provisions of the Dutch Securities Giro Transactions Act. The same applies to the establishment of a right of pledge and the establishment or transfer of a usufruct on these book-entry rights.

### **Dividends and other Distributions**

#### ***General***

Pursuant to Dutch law and the Articles of Association, the distribution of profits will take place following the adoption of the Company's annual accounts by the General Meeting, and only to the extent that those accounts show sufficient profits to make the contemplated distribution. The Company may only make distributions to the Shareholders, whether from profits or from its freely distributable reserves, insofar as its shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law or pursuant to its Articles of Association. See 'Dividend policy' for a more detailed description regarding dividends.

#### ***Right to reserve***

Subject to Dutch law and the Articles of Association, the Management Board shall determine which part of the Company's profits will be added to the reserves. The remaining part of the profits after the addition to the reserves will be at the disposal of the General Meeting for distribution to the shareholders.

Certain aspects of taxation of dividends distributions are described in 'Taxation'.

### **General Meetings**

General Meetings must be held in Roermond, Amsterdam, Rotterdam, Schiphol (Haarlemmermeer), Utrecht or Maastricht. The annual General Meeting must be held at least once a year, no later than in June. Extraordinary General Meetings shall be held whenever the Management Board or Supervisory Board so decides. In addition, one or more Shareholders and others entitled to attend General Meetings, who solely or jointly represent at least ten percent (10%) of the Company's issued capital, may request the Management Board and the Supervisory Board that a General Meeting be convened, the request setting out in detail the matters to be discussed. If no General Meeting has been held within 8 weeks of the Shareholders and others entitled to attend General Meetings making such request, such holder(s) may be authorised, at his/their request, by the court in preliminary relief proceedings to convene a General Meeting. Within three months after the Management Board has considered it to be likely that the Company's equity has decreased to an amount equal to or lower than half of its paid up and called up capital, a General Meeting will be held in order to discuss the measures to be taken if so required.

The convocation of the General Meeting must be published through an announcement by electronic means. The notice must state the time and place of the meeting, the record date, the manner in which persons entitled to attend the General Meeting may register and exercise their rights, the time on



which registration for the meeting must have occurred ultimately, as well as the place where the meeting documents may be obtained. The notice must be given by at least such number of days prior to the day of the meeting as required by Dutch law, which is currently 42 days. Furthermore, Shareholders and others entitled to attend General Meetings may be convened for the General Meeting by means of convening letters sent to the addresses of such Shareholder and others entitled to attend General Meetings as set out in the Shareholders' register.

The agenda for the annual General Meeting must contain certain subjects, including, among other things, the adoption of the Annual Accounts, the discussion of any substantial change in the corporate governance structure of the Company and the allocation of the profit, insofar as this is at the disposal of the General Meeting. In addition, the agenda shall include such items as have been included therein by the Management Board, the Supervisory Board or Shareholders (with due observance of Dutch law as described below).

If the agenda of the General Meeting contains the item of granting discharge to the Managing Directors and Supervisory Directors concerning the performance of their duties in the financial year in question, the matter of the discharge shall be mentioned on the agenda as separate items for the Management Board and the Supervisory Board respectively. However, the agenda for the annual General Meeting which is held to adopt the Company's annual accounts shall in any event include the granting of a discharge from liability to the Managing Directors and the Supervisory Directors for the management and supervision, respectively, conducted by them during the financial year to which such annual accounts pertain.

The convening notice shall also include such items as one or more Shareholders and others entitled to attend General Meetings, representing at least 3% of the issued share capital, have requested the Management Board by a motivated request to include in the agenda, at least 60 days before the day of the General Meeting. No resolutions may be adopted on items other than those which have been included in the agenda.

Shareholders who, individually or with other Shareholders, hold Shares that represent at least 1% of the issued and outstanding share capital or a market value of at least EUR 250,000, may request the Company to disseminate information that is prepared by them in connection with an agenda item for a General Meeting. The Company can only refuse disseminating such information, if received less than seven business days prior to the General Meeting, if the information gives or could give an incorrect or misleading signal or if, in light of the nature of the information, the Company cannot reasonably be required to disseminate it.

The General Meeting shall be chaired by one of the following individuals, taking into account the following order of priority: a) by the Chairman if there is a Chairman and he is present at the General Meeting, (b) by another Supervisory Director who is chosen by the Supervisory Directors present at the General Meeting from their midst, (c) by the CEO, if there is a CEO and he is present at the General Meeting, (d) by another Managing Director who is chosen by the Managing Directors present at the General Meeting from their midst or (e) by another person appointed by the General Meeting. Managing Directors and Supervisory Directors may attend a General Meeting. In these General Meetings, they have an advisory vote. The chairman of the General Meeting may decide at his or her discretion to admit other persons to the General Meeting.

Each Shareholder and other person entitled to attend General Meetings may attend the General Meeting, address the General Meeting and exercise voting rights *pro rata* to his or her shareholding, either in person or by proxy. Shareholders and others entitled to attend General Meetings may exercise these rights, if they are the holder of such right on the registration date as required by Dutch law, which is currently the 28th day prior to the day of the General Meeting, and they or their proxy have notified the Company of their identity and their intention to attend the General Meeting in writing at the address and by the date specified in the notice of the General Meeting, at the latest on the 7th day prior to the General Meeting.

### ***Voting rights***

Each Share confers the right to cast one vote in the General Meeting. Fractional shares of a certain class, if any, collectively constituting the nominal value of a share of that class shall be considered to be equivalent to such a Share. Subject to certain exceptions provided by Dutch law or the Company's Articles of Association, resolutions of the General Meeting are passed by a Simple Majority of votes cast. Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of Shares which are held by the Company.

### ***Amendment of the Articles of Association***

The General Meeting may resolve to amend the Articles of Association upon a proposal of the Management Board, which proposal requires the approval of the Supervisory Board. A proposal to amend the Articles of Association must be included in the agenda of the General Meeting. A copy of the proposal, containing the verbatim text of the proposed amendment, must be deposited with the Company for the inspection of every Shareholder from the date on which notice of the meeting is given until the end of the General Meeting (free of charge). Furthermore, a copy of the proposal will be made available free of charge to Shareholders and other persons holding meetings rights from the day it was deposited until the day of the meeting. A resolution by the General Meeting to amend the Articles of Association requires a Simple Majority of the votes cast.

### **Dissolution and liquidation**

The Company may be dissolved by a resolution of the General Meeting upon proposal by the Management Board, which proposal requires the approval of the Supervisory Board. If the General Meeting has resolved to dissolve the Company, the Management Board will be charged with the liquidation of the Company under the supervision of the Supervisory Board, unless the General Meeting decides otherwise. During liquidation, the provisions of Articles of Association will remain in force as far as possible.

Any assets remaining after payment of all of the Company's debts shall be distributed to the shareholders. After the Company has ceased to exist, its books, records and other information carriers shall be kept for the period prescribed by law by the person designated for that purpose in the resolution of the General Meeting to dissolve the Company. Where the General Meeting has not designated such a person, the liquidators shall do so. Certain tax aspects of liquidation proceeds are described in 'Taxation'.

### **Liability, Indemnity and Insurance**

Under Dutch law, members of the Management Board and Supervisory Board may be liable to the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to the Company and to third parties for infringement of the Articles of Association or of certain provisions of the DCC. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

### **Dutch Corporate Governance Code**

On 9 December 2003, the Dutch Corporate Governance Committee, also known as the Tabaksblat Committee, released the Dutch Corporate Governance Code (the "**Dutch Corporate Governance Code**" or the "**Code**") . With effect from 1 January 2009, the Code has been amended by the Frijns Committee. The Code contains principles and best practice provisions for the management board, the supervisory board, shareholders and general meetings of shareholders and audit and financial reporting.

All companies whose registered offices are in the Netherlands and whose shares or depositary receipts for shares have been admitted to listing on a stock exchange, or more specifically to trading on a regulated market or a comparable system, and to all large companies whose registered offices are in the Netherlands (balance sheet value > EUR 500 million) and whose shares or depositary receipts for shares have been admitted to trading on a multilateral trading facility or a comparable system, are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Code that relate to the management board or supervisory board and, if they do not apply, to explain the reasons why. The Code provides that if a company's general meeting explicitly approves the corporate governance structure and policy and endorses the explanation for any deviation from the best practice provisions, such company will be deemed to have applied the Code.

The Company acknowledges the importance of good corporate governance and agrees with the principles of the Code and has taken and will take further steps it considers appropriate to implement the Code. At the date of this Document, the Group is fully compliant with the Code.

### **Disclosure rules**

#### ***Home member state for purposes of the EU Transparency Directive***

The Netherlands is the Company's home member state for the purposes of the European Union Transparency Directive (Directive 2004/109/EC, as amended). As a result, upon listing, the Company

will be subject to financial and other reporting obligations under the NFSA and the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*) (the “**Financial Reporting Supervision Act**”), which both implement the EU Transparency Directive in the Netherlands.

#### ***Disclosure of financial information***

The Company is required to publish its financial statements (consisting of the audited annual accounts, the directors report and the responsibility statement) within four months after the end of each financial year and its half-yearly figures within two months after the end of the first six months of each financial year. It is expected that from 1 February 2016 onwards, the two-month period will be extended to three months as a consequence of the implementation of Directive 2013/50/EU into the NFSA. In addition, the Company is obliged to publish interim management statements (among other things containing an overview of important transactions and their financial consequences and a general description of the financial position) in the period starting ten weeks after and six weeks before the first and second half of each financial year. It is expected that from 1 February 2016 onwards, this requirement will be abolished as a consequence of the implementation of Directive 2013/50/EU into the NFSA.

#### ***Financial Reporting Supervision Act***

On the basis of the Financial Reporting Supervision Act, the AFM supervises the application of financial reporting standards by, among others, companies whose corporate seat is in the Netherlands and whose securities are listed on a regulated market, as defined in the NFSA, or a foreign stock exchange.

Pursuant to the Financial Reporting Supervision Act, the AFM has an independent right to (i) request an explanation from the Company regarding its application of the applicable financial reporting standards and (ii) recommend to the Company the making available of further explanations. If the Company does not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer van het Gerechtshof te Amsterdam*, the “**Enterprise Chamber**”) orders the Company to (i) provide an explanation of the way the Company has applied the applicable financial reporting standards to its financial statements or (ii) prepare its financial reports in accordance with financial reporting requirements following the Enterprise Chamber’s instructions.

#### ***Shareholder disclosure and reporting obligations***

Pursuant to the NFSA, upon listing, each Shareholder who holds a substantial holding in the Company should forthwith notify the AFM of such substantial holding. Substantial holding means the holding of at least 3% of the shares or the ability to vote on at least 3% of the total voting rights. Any person who, directly or indirectly, acquires or disposes of an interest in the share capital or voting rights must give notice to the AFM without delay, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person, directly or indirectly, reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. In addition, if, as a result of such change, a person’s direct or indirect interest in the share capital or voting rights passively reaches, exceeds or falls below the abovementioned thresholds, the person in question must give notice to the AFM no later than the fourth trading day after the AFM has published the change in the share capital and/or voting rights in the public register.

For the purpose of calculating the percentage of capital interest or voting rights, among others, the following interests must be taken into account: (i) shares or depositary receipts for shares or voting rights directly held (or acquired or disposed of) by any person, (ii) shares or depositary receipts for shares or voting rights held (or acquired or disposed of) by such person’s controlled undertakings or by a third party for such person’s account or by a third party with whom such person has concluded an oral or written voting agreement (including a discretionary power of attorney), (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment, (iv) shares or depositary receipts for shares or voting rights which such person, or any controlled undertaking or third party referred to above, may acquire pursuant to any option or other right held by such person (including, but not limited to, on the basis of convertible bonds), and (v) shares which determine the value of certain cash settled instruments, whereby the increase in value of the financial instruments is dependent on the increase in value of the (underlying) shares or related dividends.

For the same purpose of calculating the percentage of capital interest or voting rights, the following instruments qualify as 'shares': (i) financial instruments of which the value depends on the increase in value of the shares or dividend rights and which will be settled other than in those shares, (ii) rights to acquire shares or depositary receipts, and (iii) negotiable instruments which provide for an economic position similar to the economic position of a holder of shares or depositary receipts.

The notification to the AFM should indicate whether the interest is held directly or indirectly, and whether the interest is an actual or a potential interest.

A person is deemed to hold the interest in the share capital or voting rights that is held by its controlled undertakings as defined in the NFSA. The controlled undertaking does not have a duty result has to notify the interest as an indirect interest. Any person, including an individual, may qualify as an undertaking in control for the purposes of the NFSA. A person who has a 3% or larger interest in the share capital or voting rights and who ceases to be a controlled undertaking for purposes of the NFSA must without delay notify the AFM. As of that moment, all notification obligations under the NFSA will become applicable to the former controlled undertaking itself.

A holder of a right of pledge or usufruct in respect of shares or depositary receipts for shares can also be subject to the reporting obligations of the NFSA, if such person has, or can acquire, the right to vote on the shares or, in the case of depositary receipts for shares, the underlying shares. If a pledgee or usufructuary acquires the voting rights on the shares or depositary receipts for shares, this may trigger a corresponding reporting obligation for the holder of the shares or depositary receipts for shares. Special rules apply with respect to the attribution of shares or depositary receipts for shares or voting rights which are part of the property of a partnership or other community of property.

Each person holding a gross short position in relation to the issued share capital of a Dutch listed company that reaches, exceeds or falls below any one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must immediately give notice to the AFM. If a person's gross short position reaches, exceeds or falls below one of the above mentioned thresholds as a result of a change in the Company's issued share capital, such person is also required to make a notification not later than the fourth trading day after the AFM has published the Company's notification in the public register of the AFM. Shareholders are advised to consult with their own legal advisers to determine whether the gross short-selling notification obligation applies to them.

In addition, pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of a Dutch listed company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.2% must also be notified. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short-selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires the confirmation of a third party that the shares have been located. The notification shall be made no later than 3:30pm (CET) on the following trading day.

Under the NFSA, the Company is required to notify the AFM without delay of any changes in its share capital if its share capital has changed by 1% or more compared to the previous disclosure in respect of its share capital. The Company is also required to notify the AFM without delay of any changes in the voting rights, insofar as it has not already been notified at the same time as a related change in its share capital. Changes in share capital and voting rights of less than 1% must also be notified; these changes can be notified at any time but at the latest within eight days after the end of each calendar quarter. The AFM will publish such notifications in a public register.

In addition, within four weeks after the end of the calendar year, on an annual basis, every holder of 3% or more of the shares or voting rights whose interest has changed in the period after his most recent notification to the AFM, which change relates to the composition of the notification as a result of certain acts (e.g., the exchange of shares (an actual interest) for depositary receipts for shares (which is a potential interest) or the exercise of a right to acquire shares (pursuant to which the potential interest becomes an actual interest) must notify the AFM of such changes. Based on a preliminary draft bill, it might be the case that from 26 November 2015 onwards every holder of 3% or more of the shares or voting rights whose interest has changed compared to his most recent notification, and which holder knows or should know that pursuant to this change his interest reaches, exceeds or falls below a threshold as a result of certain acts (as described above and



including the exchange of a financial instrument or a contract (pursuant to which the holder is deemed to have Shares or voting rights at his disposal), must notify the AFM of this change within four trading days after the date on which he knows or should know that his interest reaches, exceeds or falls below a threshold.

The AFM keeps a public register of all notifications made pursuant to these disclosure obligations and publishes all notifications received by it. The notifications referred to in this paragraph should be made in writing by means of a standard form or electronically through the notification system of the AFM.

#### ***Non-compliance with disclosure obligations***

Non-compliance with the disclosure obligations set out in the paragraph above is an economic offence (*economisch delict*) and may lead to the imposition of criminal prosecution, administrative fines, imprisonment or other sanctions. The AFM may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and vice versa, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed. Furthermore, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be correctly notified. A claim requiring that such measures be imposed must be instituted by the Company and/or one or more Shareholders who alone or together with others represent(s) at least 3% of the issued share capital or are able to exercise at least 3% of the voting rights. The measures that the civil court may impose include:

- i. an order requiring the person violating the disclosure obligations under the NFSA to make appropriate disclosure;
- ii. suspension of voting rights in respect of such person's shares for a period of up to three years as determined by the court;
- iii. voiding a resolution adopted by a General Meeting, if the court determines that the resolution would not have been adopted but for the exercise of the voting rights of the person who is obliged to notify, or suspension of a resolution until the court makes a decision about such voiding; and
- iv. an order to the person violating the disclosure obligations under the NFSA to refrain, during a period of up to five years as determined by the court, from acquiring the shares and/or voting rights in the shares.

#### **Takeover regulations**

##### ***European Union takeover regulations***

The European Directive on Takeover Bids (2004/25/EC) (the Takeover Directive) has been implemented in Dutch legislation in the NFSA and the Public Takeover Bids Decree (*Besluit openbare biedingen Wft*).

##### ***Obligations of Shareholders to Make a Public Offer***

Pursuant to the NFSA, and in accordance with European Directive 2004/25/EC, also known as the takeover directive, any shareholder who directly or indirectly obtains control of a Dutch listed company, such as the Company after Settlement, is required to make a public offer for all issued and outstanding shares in that company's share capital at a fair price. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of such listed company (subject to a grandfathering exemption for major shareholders who, acting alone or in concert, already had control at the time of that company's initial public offering). An additional exemption exists if such (legal) person, alone or acting in concert, reduces its holding below 30% within 30 days of the acquisition of control provided that: (i) the reduction of such (legal) person's holding was not effected by a transfer of shares or depositary receipts to an exempted party; and (ii) during this period such (legal) person, alone or acting in concert, did not exercise its voting rights.

In addition, it is prohibited to launch a public offer for shares of a listed company, such as the Shares, unless an offer document has been approved by the AFM. A public offer may only be launched by way of publication of an approved offer document unless a company makes an offer for its shares. The public offer rules are intended to ensure that in the event of a public offer, among others, sufficient information will be made available to the holders of the shares, the holders of the



shares will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period.

### ***Squeeze-out***

Pursuant to Section 2:92a of the DCC, a shareholder who for his own account contributes at least 95% of the issued capital may institute proceedings before the Enterprise Chamber against the other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary upon the advice of one or three experts. In the event that a shareholder has acquired at least 95% of the shares held by him, representing at least 95% of the total voting rights, each remaining minority Shareholder is entitled to demand a squeeze out. This procedure must be initiated with the Enterprise Chamber within three months after the end of the period for tendering shares in the public offer. With regard to the price per share to be paid by the majority shareholder, the same procedure as for squeeze out proceedings initiated by the offeror, as set out in the previous paragraph, applies.

The offeror under a public offer is also entitled to start squeeze-out proceedings if, following the public offer, the offeror contributes at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. The claim of a takeover squeeze-out needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary, after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90% of the shares to which the offer related were received by way of voluntary offer.

The Dutch takeover provisions of the DCC also entitle those minority shareholders that have not previously tendered their shares under an offer to transfer their shares to the offeror, provided that the offeror has acquired at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. With regard to price, the same procedure as for takeover squeeze-out proceedings initiated by an offeror applies. The claim also needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

## **Insider trading and market manipulation rules**

### ***Reporting of insider transactions***

The rules on preventing market abuse set out in the NFSA are applicable to the Company, the members of the Management Board and the Supervisory Board, other insiders and persons performing or conducting transactions in the Company's securities. Certain important market abuse rules set out in the NFSA that are relevant for investors are described hereunder.

The Company is required to make inside information public. Pursuant to the NFSA, inside information is knowledge of concrete information directly or indirectly relating to the issuer or the trade in its securities which has not yet been made public and publication of which could significantly affect the trading price of the securities. The Company must also provide the AFM with this inside information at the time of publication. Furthermore, the Company must without delay publish the inside information on its website and keep it available on its website for at least one year.

It is prohibited for any person to make use of inside information within or from the Netherlands or a non-EU member state by conducting or effecting a transaction in the Shares. In addition, it is prohibited for any person to pass on inside information relating to the Company or the trade in its securities to a third party or to recommend or induce, on the basis of inside information, any person to conduct a transaction in the Company's securities. Furthermore, it is prohibited for any person to manipulate the market, for instance by conducting transactions which could lead to an incorrect or misleading signal of the supply of, the demand for or the price of the securities.

Insiders within the meaning of the NFSA are obliged to notify the AFM, ultimately on the fifth trading day after the transaction date, when they carry out or cause to be carried out, for their own account, a transaction in the Shares or in securities the value of which is at least in part determined

by the value of the Shares. Insiders within the meaning of the NFSA in this respect are: (i) members of the Management Board and the Supervisory Board, (ii) other persons who have a managerial position and in that capacity are authorised to make decisions which have consequences for future development and business prospects and who, on a regular basis, can have access to inside information relating, directly or indirectly, to the Company, and (iii) certain persons closely associated with the persons mentioned under (i) and (ii) designated by the Dutch Market Abuse Decree (*Besluit Marktmisbruik Wft*).

This notification obligation does not apply to transactions based on a discretionary management agreement as described in article 8 of the Dutch Market Abuse Decree. Under certain circumstances, the notification may be delayed until the date on which the value of the transactions amounts to EUR 5,000 or more in the calendar year in question. If a member of the Management Board or Supervisory Board has notified a transaction to the AFM under the NFSA as described above under 'Shareholder disclosure and reporting obligations', such notification is sufficient for purposes of the NFSA as described in this section.

#### ***Non-compliance with the Dutch market abuse rules***

Non-compliance with the disclosure obligations set out in the paragraph above is an economic offence (*economisch delict*) and may lead to the imposition of criminal prosecution, administrative fines, imprisonment or other sanctions. The AFM may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and vice versa, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed.

The AFM keeps a public register of all notifications made pursuant to the NFSA.

Pursuant to the market abuse rules set out in the NFSA, the Company is required to adopt a code of conduct in respect of the reporting and regulation of transactions in the Company's securities by members of the Management Board and Supervisory Board and its employees. Further, the Company is required to draw up a list of persons working for the Company who could have access to inside information on a regular basis, and to inform the persons concerned of the rules against insider trading and market manipulation including the sanctions which can be imposed in the event of a violation of those rules.

### 13. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

#### Major Shareholders

The following table sets forth information with respect to the beneficial ownership of each Shareholder holding 3% or more of the shareholdings in the Company through their holdings in the Selling Shareholder as at the date of this Document:

Name	Shares owned immediately following the issuance of the Offer Shares					
	Shares owned as of the Document Date		Shares owned immediately following the issuance of the Offer Shares -without Over-Allotment Options		Shares owned immediately following the issuance of the Offer Shares -with Over-Allotment Options	
	Total	%	Total	%	Total	%
GKSE Holding B.V.	25,501,356	100%	17,501,356	69%	16,301,356	64%

GKSE Holding B.V. is indirectly controlled by Egeria Capital B.V. In 2005, Egeria Capital B.V. acquired an 82.5% interest in the Group (indirectly held through an 82.5% interest in the Selling Shareholder). The remaining 17.5% is held by founding family members and former management.

Except as disclosed above, the Company is not aware of any other person or legal entity that, as of the date of this Document, has a direct or indirect capital or voting interest in the Company of 3% or more that should be notified in accordance with Section 5:38 NFSA. Each Share confers the right to cast one vote in the General Meeting. All Shareholders have the same voting rights.

Before the Offering is completed, the Selling Shareholder directly controls the vote at any General Meeting. After the Offering is completed, the Selling Shareholder will, either alone or acting in concert, due to its shareholdings, be in a position to exert substantial influence on the General Meeting and, consequently, on matters decided by the General Meeting, including the appointment of members of the Supervisory Board and the Management Board. Furthermore, the Selling Shareholder will, in the case of a Simple Majority of votes being required, have sufficient votes to block or pass measures at a particular General Meeting without the concurrence of other Shareholders. Furthermore, it might, depending on the level of attendance of other Shareholders at the General Meeting, also have sufficient votes to block or pass measures at a particular General Meeting without the concurrence of other shareholders if a qualified majority of votes is required.

#### Related party transactions

Apart from the transactions described in the Company's financial statements under 'Related parties', the Group identifies the following related party transactions:

##### *Relationship Agreement*

The Company and the Selling Shareholder have entered into a relationship agreement (the "**Relationship Agreement**") effective as from the Settlement Date. The Relationship Agreement will contain certain arrangements regarding the relationship between the Company and the Selling Shareholder after admission to trading of the Shares. Below is a summary of the main elements of the Relationship Agreement.

##### *Composition of the Supervisory Board*

The Supervisory Board of the Company will consist of five Supervisory Directors. The Company and the Selling Shareholder have agreed, if the Selling Shareholder holds 50% or more of the Shares in the Company that the Selling Shareholder will have the right to nominate, and propose replacements for, two Supervisory Board Members (each a "**Selling Shareholder Director**"). If the Selling Shareholder holds at least 20% but less than 50% of the Company's issued share capital, the Selling Shareholder will have the right to nominate, and propose replacements for, one Selling Shareholder Director. Any individuals nominated by the Selling Shareholder for appointment as Selling Shareholder Director will need to meet the profile of the members of the Supervisory Board and, with the exception of one Selling Shareholder Director, will need to be "independent" within the meaning of the Dutch Corporate Governance Code. The chairman of the Supervisory Board will not be a Selling Shareholder Director.

The Selling Shareholder Director(s) will be permitted to share information with Egeria Capital B.V. on a confidential basis.

#### *Composition of the Supervisory Board committees*

The Company and the Selling Shareholder have agreed to procure, so far as reasonably possible, that each of the Supervisory Board committees shall include at least one Selling Shareholder Director as long as the Selling Shareholder has the right to designate for nomination Selling Shareholder Director(s) pursuant to the Relationship Agreement.

#### *Orderly Market Arrangements*

The Selling Shareholder has agreed to notify the Company in advance of any envisaged sale of Shares other than through regular stock market trading, but such notification requirement will not affect the Selling Shareholder's right to sell Shares either through stock market trading or through private sales. The Company agrees to cooperate with the Selling Shareholder to facilitate sales of Shares held by the Selling Shareholder, including by participation in management presentations, road shows and/or other sales events.

#### *Information Sharing*

The Company has agreed to share financial and other information with the Selling Shareholder and Egeria Capital B.V. to the extent not prohibited by law and requested by the Selling Shareholder. The Company is not obligated to disclose price sensitive information in relation to the Company or its securities as defined in the NFSA to Selling Shareholder to the extent that such disclosure without simultaneous general public disclosure would violate the NFSA or any other applicable laws and regulations.

#### *Amendments to Articles of Association*

The Company will procure that amendments to the Articles of Association do not contravene with the provisions of the Relationship Agreement.

#### *Parent guarantees*

The Selling Shareholder has granted several beneficiary parent company guarantees for customers of the Group. As part of its divestment in the Group, the Company and the Selling Shareholder agreed to use reasonable efforts to release the Selling Shareholder from these guarantees. Until agreements can be reached thereon with the other parties to the parent guarantees, the Company agreed to provide the Selling Shareholder with an indemnification in relation to any claims made under these guarantees.

#### *Agreement relating to end of fiscal unity*

The Group has been a member of a fiscal unity for Dutch corporate income tax purposes and Dutch value added tax purposes with the Selling Shareholder until the Settlement Date.

Following the Settlement Date, the fiscal unity for Dutch corporate income tax purposes and for Dutch value added tax purposes between the Group and the Selling Shareholder will cease to exist, as a result of which the Group will no longer be liable for the tax liabilities of the Selling Shareholder that arise as of the Settlement Date. The Selling Shareholder and the Group have contractually agreed that the Company will indemnify the Selling Shareholder for any tax liabilities relating to this fiscal unity that are allocable to the Group.

#### *Termination*

Except for certain specific provisions, the Relationship Agreement will automatically terminate at the first time that any of the following conditions shall be met:

- i. the Selling Shareholder ceases to hold at least 20% of the issued ordinary shares in the Company;
- ii. the Company becomes subject to insolvency proceedings;
- iii. a resolution of the General Meeting to liquidate (*ontbinden*) the Company becomes unconditional;
- iv. the Company ceases to exist as a legal entity as a result of a legal merger (*fusie*) or spin-off (*splitsing*) in which the Company is the disappearing entity; or
- v. termination of the listing of Shares on Euronext Amsterdam takes effect.

Other than the aforementioned transactions, there have not been any transactions with related parties during the period covered by the historical financial information included in this Document, and the subsequent period up to the date of this Document.

## 14. THE OFFERING

### Introduction

The Selling Shareholder is offering up to a total of 8,000,000 Offer Shares (excluding any Additional Shares) in the share capital of the Company to raise up to EUR 136 million. Assuming that the Over-Allotment Option is not exercised, and assuming mid-point of the price range, the Offer Shares will constitute approximately 31% of the Shares.

The Selling Shareholder has granted the Joint Global Coordinators, on behalf of the Underwriters the option, exercisable within 30 calendar days after the Listing Date, pursuant to which the Joint Global Coordinators may require the Selling Shareholder to sell at the Offer Price up to 1,200,000 Additional Shares, comprising up to 15% of the total number of Offer Shares sold in the Offering, to cover short positions resulting from any over-allotments made in connection with the Offering and conduct stabilisation transactions (if any).

In the event that the Over-Allotment Option is fully exercised, the maximum number of Offer Shares will amount to 9,200,000 Offer Shares which will constitute approximately 36% of the Shares.

The Offering consists of (a) an initial public offering to retail and institutional investors in the Netherlands and a listing of the Company's Shares on the regulated market of Euronext and (b) a private placement to certain institutional investors in various jurisdictions. The Offer Shares are being offered (i) within the United States to qualified institutional buyers as defined in Rule 144A and (ii) outside the United States in offshore transactions in reliance on Regulation S. The Offering is made only in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made.

### Timetable

Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below set forth certain expected key dates for the Offering.

Event	Expected Date	Time CET
Commencement of the Offering Period	1 February 2016	9:00
End of Offering Period	11 February 2016	14:00
Start of retail offering	1 February 2016	9:00
End of retail offering	10 February 2016	17:30
Pricing and allocation	11 February 2016	
Commencement of trading on an 'as-if-and-when-issued' basis on Euronext Amsterdam	12 February 2016	9:00
Settlement (payment and delivery)	16 February 2016	

The Selling Shareholder, after consultation with the Company and the Joint Global Coordinators, may adjust the dates, times and periods given in the timetable and throughout this Document. If the Selling Shareholder should decide to do so, it will make this public through a press release, which will also be posted on the Company's website. Any other material alterations will be published through a press release that will also be posted on the Company's website and (if required) in a supplement to this Document that is subject to the approval of the AFM. Any extension of the timetable for the Offering will be published in a press release at least three hours before the end of the original Offering Period, provided that any extension will be for a minimum of one full day. Any acceleration of the timetable for the Offering will be published in a press release at least three hours before the proposed end of the accelerated Offering Period. In any event, the Offering Period will be at least six business days.

### Offer Price and number of Offer Shares

The Offer Price is expected to be in the range of EUR 14.00 to EUR 17.00 (inclusive) per Offer Share (the "Offer Price Range"). The Offer Price and the exact number of Offer Shares will be determined on the basis of a book building process. The Offer Price may be set within, above or below the Offer Price Range. The Offer Price and the exact number of Offer Shares offered will be determined by the Selling Shareholder after consultation with the Company and the Joint Global Coordinators, after the end of the Offering Period, including any acceleration or extension, on the basis of the book building process and taking into account economic and market conditions, a qualitative and quantitative assessment of demand for the Offer Shares, and other factors deemed appropriate. The Offer Price, the exact numbers of Offer Shares to be sold and the maximum number



of Additional Shares will be stated in the Pricing Statement which will be published through a press release that will also be posted on the Company's website and filed with the AFM.

The Offer Price Range is an indicative price range. The Selling Shareholder, after consultation with the Company and the Joint Global Coordinators, reserves the right to change the Offer Price Range and/or to increase the maximum number of Offer Shares before the end of the Offering Period, or to decrease the number of Offer Shares. Any such change will be announced in a press release (that will also be posted on the Company's website) prior to the end of the Offering Period. Any increase in the top end of the Offer Price Range on the last day of the Offering Period or the determination of an Offer Price above the Offer Price Range will result in the Offering Period being extended by at least two business days. Any increase in the top end of the Offer Price Range on the day prior to the last day of the Offering Period will result in the Offering Period being extended by at least one business day.

### **Offering Period**

Subject to acceleration or extension of the timetable for the Offering, prospective investors may subscribe for Offer Shares during the period commencing at 9:00 CET on 1 February 2016 and ending at 14:00 CET on 11 February 2016. The Offering Period for Dutch Retail Investors will end at 17:30 CET on 10 February 2016. In the event of an acceleration or extension of the Offering Period, pricing, allotment, admission and first trading of the Offer Shares, as well as payment (in euros) for and delivery of the Offer Shares in the Offering may be advanced or extended accordingly. If a significant new factor, material mistake or inaccuracy relating to the information included in this Document which is capable of affecting the assessment of the Offer Shares arises or is noted before the final closing of the Offering, a supplement to this Document will be published, the Offering Period will be extended, if so required by the Prospectus Directive, the NFSA or the rules promulgated thereunder, and investors who have already agreed to purchase Offer Shares may withdraw their subscriptions within two business days following the publication of the supplement, provided that the new factor, material mistake or inaccuracy, arose or was noted before the final closing of the Offering.

### **Subscription and allocation**

Provided that there is sufficient demand, it is intended that approximately 10% of the Offering will be allocated to Dutch Retail Investors. The proportion of Offer Shares allocated to Dutch Retail Investors may be increased or decreased if applications received from them exceed or do not reach, respectively, 10% of the Offer Shares.

Subscriptions by Dutch Retail Investors can only be made on a market order (*bestens*). As a consequence, Dutch Retail Investors that subscribed for the Offer Shares in the Offering, shall be obliged to purchase and pay for the number of Offer Shares in their share application, to the extent allocated to them, at the Offer Price, even if the Offer Price is above the upper end of the Offer Price Range (if applicable, as amended). Dutch Retail Investors are entitled to cancel or amend their application, at the financial intermediary where their original application was submitted, at any time prior to the end of the Offering Period (if applicable, as accelerated or extended), in the event that the Offer Price Range is increased above the upper end of the original Offer Price Range or a supplement to the Document is published. The financial intermediary will be responsible for collecting subscriptions from Dutch Retail Investors and for submitting their subscriptions to ABN AMRO Bank N.V. as the retail coordinator (the "**Retail Coordinator**"). The Retail Coordinator will consolidate all subscriptions of Dutch Retail Investors submitted on an aggregate basis by financial intermediaries and inform the Joint Global Coordinators, the Company and the Selling Shareholder. All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the purchase of Offer Shares will be determined by the financial intermediaries in accordance with their usual procedures or as otherwise notified to the Dutch Retail Investors. The Company and the Selling Shareholder are not liable for any action or failure to act by a financial intermediary in connection with any purchase, or purported purchase, of Offer Shares.

The allocation of Offer Shares is expected to take place after the end of the Offering Period on or about 11 February 2016, subject to acceleration or extension of the timetable for the Offering.

Allotment to investors who applied to subscribe for Offer Shares will be made on a discretionary basis and the Selling Shareholder after consultation with the Company and the Joint Global Coordinators retains full discretion as to whether or not and how to allot the Offer Shares in accordance with the law. There is no maximum or minimum number of Offer Shares for which

prospective investors may subscribe and multiple (applications for) subscriptions are permitted. In the event that the Offering is oversubscribed, investors may receive fewer Offer Shares than they applied to subscribe for. The Selling Shareholder, the Company and the Joint Global Coordinators may, at their own discretion and without stating the grounds therefor, reject any subscriptions wholly or partly. Any monies received in respect of subscriptions which are not accepted in whole or in part will be returned to the investors without interest and at the investors' risk. The Joint Global Coordinators will notify investors of any allocation of Offer Shares to them. Notwithstanding the above, it is intended, as stated at the beginning of this paragraph that approximately 10% of the Offer Shares (including Additional Shares, if any) will be allocated to Dutch Retail Investors.

Each investor in the Offering is deemed to have made certain representations and statements to the Underwriters as described in 'Selling Restrictions'. Furthermore each investor is expected to have read, and complied with, certain selling restrictions described in 'Selling Restrictions'. Each prospective investor should seek advice from its own advisors in relation to the legal, tax, business, financial and other aspects of participating in the Offering.

### **Preferential Retail Allocation**

There will be a preferential allocation of Offer Shares to Dutch Retail Investors in accordance with applicable law and regulations. Each Dutch Retail Investor will be allocated the first 350 (or fewer) Offer Shares for which such investor applies. However, if the total number of Offer Shares subscribed for by Dutch Retail Investors under the Preferential Retail Allocation would exceed 10% of the total number of the Offer Shares, that the Over-Allotment Option is not exercised, the preferential allocation to each Dutch Retail Investor may be reduced *pro rata* to the first 350 (or fewer) Offer Shares for which such investor applies. As a result, Dutch Retail Investors may not be allocated all of the first 350 (or fewer) Offer Shares for which they apply. The exact number of Offer Shares allocated to Dutch Retail Investors will be determined after the Offer Period has ended.

The Preferential Retail Allocation will only be made in relation to Offer Shares comprising up to 10% of the total number of Offer Shares, not including the Over-Allotment Shares. The Selling Shareholder, after consultation with the Company and the Joint Global Coordinators has full discretion as to whether or not and how to allocate the remainder of the Offer Shares applied for (i.e. the number of Offer Shares subscribed for exceeding 1,200,000 Offer Shares) including in allocating Offer Shares to Dutch Retail Investors in excess of 10% of the total number of Offer Shares, assuming that the Over-Allotment Option is not exercised.

For the purpose of the Preferential Retail Allocation, a Dutch Retail Investor is either: (i) a natural person resident in the Netherlands; or (ii) a special investment vehicle having its seat in the Netherlands which is a legal entity established for the express and sole purpose of providing asset management and/or retirement planning services for a natural person.

To be eligible for the Preferential Retail Allocation, Dutch Retail Investors must place their subscriptions during the period commencing on 1 February 2016 at 9:00 CET and ending on 10 February 2016 at 17:30 CET through financial intermediaries. Different financial intermediaries may apply deadlines before the closing time of the Offering Period.

The Retail Coordinator will communicate to the financial intermediaries the aggregate number of Offer Shares allocated to their respective Dutch Retail Investors. It is up to the financial intermediaries to notify Dutch Retail Investors of their individual allocations. Although the financial intermediaries will be instructed to adhere to the subscription and allocation principles described in this Document, the Retail Coordinator, the other Underwriters, the Selling Shareholder and the Company cannot control and are accordingly not responsible for adherence thereto by individual financial intermediaries. The definitive allocation to Dutch Retail Investors may therefore vary depending on the financial intermediary through which they apply for Offer Shares.

### **Payment**

Payment (in euros) for the Offer Shares, and payment (in euros) for any Additional Shares pursuant to the Over-Allotment Option, if such option has been exercised prior to the Settlement Date, is expected to take place on the Settlement Date. Taxes and expenses, if any, must be borne by the investor (for more information see 'Taxation'). Investors must pay the Offer Price in immediately available funds in full in euro on or before the Settlement Date (or earlier in the case of an early closing of the Offering Period and consequent acceleration of pricing, allocation, commencement of trading and Settlement).

**Delivery, Clearing and Settlement**

The Offer Shares will be delivered in book-entry form through the facilities of Euroclear Nederland. Application has been made for the Offer Shares to be accepted for clearance through the book-entry facilities of Euroclear Nederland. Euroclear Nederland has its offices at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.

Delivery of the Offer Shares will take place on the Settlement Date, which is expected to occur on or about 16 February 2016, through the book-entry facilities of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities and against payment (in euros) for the Offer Shares and the Additional Shares, if applicable, in immediately available funds.

Prior to the Offering, there has been no public market for the Shares. Application has been made to list all of the Shares on Euronext Amsterdam under the symbol “SIFG” with ISIN code NL0011660485, Common Code 135523232. Subject to acceleration or extension of the timetable for the Offering, trading on an ‘as-if-and-when-issued’ basis in the Offer Shares is expected to commence on or about 12 February 2016.

The closing of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement are not satisfied or waived or occur on or prior to such date. See also ‘Plan of Distribution’.

If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any dealings in Shares prior to the Settlement Date are at the sole risk of the parties concerned. Neither the Selling Shareholder, the Company, the Underwriters, the Listing and Paying Agent nor Euronext accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transactions in Shares on Euronext Amsterdam.

**Voting rights**

Each Share confers the right to cast one vote in the General Meeting (see ‘General meetings – Voting rights’). All Shareholders have the same voting rights.

**Ranking and dividends**

The Offer Shares and, if the Over-Allotment Option will be exercised, any Additional Shares will, upon issue, rank equally in all respects. The Offer Shares will carry dividend rights as of the date of issue. See ‘Dividend policy’.

**Joint Global Coordinators and Joint Lead Managers**

ABN AMRO Bank N.V. and HSBC Bank plc are acting as Joint Global Coordinators. ING Bank N.V. and Coöperatieve Rabobank U.A. are acting as Joint Lead Managers.

**Listing and Paying Agent**

ABN AMRO Bank N.V. is the Listing and Paying Agent with respect to the Offer Shares on Euronext Amsterdam.

**Retail Coordinator**

ABN AMRO Bank N.V. is the Retail Coordinator with respect to the Preferential Retail Allocation.

**Stabilisation Agent**

HSBC Bank plc is the Stabilisation Agent with respect to the Shares on Euronext Amsterdam.

**Governing law**

This Document and the Offering are governed by Dutch law. All disputes arising in connection with this Document and the Offering shall be subject to the exclusive jurisdiction of the courts in Amsterdam, the Netherlands.

## 15. PLAN OF DISTRIBUTION

The Company, the Selling Shareholder and the Underwriters will enter into an underwriting agreement on or about 1 February 2016 with respect to the offer and sale of the Offer Shares (the “Underwriting Agreement”).

Under the terms and subject to the conditions set forth in the Underwriting Agreement, the Underwriters will severally agree to procure purchasers for the Offer Shares or, failing which, to purchase themselves and the Selling Shareholder will agree to sell Offer Shares to purchasers procured by the Underwriters or, failing which, to the Underwriters themselves. The proportion of total Offer Shares which each Underwriter may severally be required to purchase is indicated below.

Underwriter	Percentage of Total Offer Shares
ABN AMRO Bank N.V.	40%
HSBC Bank plc	40%
ING Bank N.V.	10%
Coöperatieve Rabobank U.A.	10%
<b>Total</b>	<b>100%</b>

The Underwriting Agreement will provide that the obligations of the Underwriters to procure purchasers are subject to certain closing conditions including: (i) the absence of any material adverse change in or a material adverse effect on the conditions, shareholders' equity, result of operations, cash flow, earnings, management, business affairs, project development, solvency, credit rating or prospects of the Company and its subsidiaries, taken as a whole; (ii) receipt of opinions on certain legal matters from counsel; (iii) the approval of this Document by the AFM being in full force and effect; (iv) the admission of the Offer Shares to listing on Euronext Amsterdam; (v) the acceptance of the Shares for book-entry transfers by Euroclear Nederland. The Underwriters will have the right to waive the satisfaction of any such conditions or part thereof.

In consideration of the agreement by the Underwriters to procure purchasers for or at the Offer Price and subject to the Offer Shares being sold as provided for in the Underwriting Agreement, the Selling Shareholder will agree to pay to the Underwriters a commission of 2.25% of the gross proceeds of the Offering (including, if applicable, any gross proceeds relating to the Additional Shares). In addition, the Underwriting Agreement will provide that the Selling Shareholder may, at its sole and absolute discretion, pay a discretionary commission of up to 0.75% of the gross proceeds of the Offering (including, if applicable, any gross proceeds relating to the Additional Shares) (the “Discretionary Fee”). The decision by the Selling Shareholder whether to pay the Discretionary Fee, and the size, allocation among the Underwriters and payment thereof, will be determined by the Selling Shareholder in its sole and absolute discretion on the basis of its perception of each Underwriter's performance during the preparation for and execution of the Offering, and will occur not later than on the date falling 30 days from the Listing Date, and the allocation of any such Discretionary Fee, if any, may differ from the proportions of Offer Shares purchased by the Underwriters or by purchasers procured by the Underwriters. Certain costs and expenses incurred by the Underwriters in connection with the Offering will be disbursed by the Selling Shareholder. The Underwriting Agreement will provide that the Company and the Selling Shareholder will indemnify the Underwriters against certain losses and liabilities arising out of or in connection with the Offering, including liabilities under the Securities Act and losses and liabilities based upon any actual or alleged breach by the Company of any of its obligations under the Underwriting Agreement.

The Underwriting Agreement contains standard termination provisions, pursuant to which, until the Settlement Date, the Underwriters may elect to terminate their several commitments under the Underwriting Agreement in the event of, among others: (i) any statement contained in this Document being materially untrue, inaccurate or misleading, or in the event of a material omission in the Document, and the Company being unable to remedy such untrue, inaccurate or misleading statement or material omission in accordance with applicable law; (ii) any matter which would require the publication of a supplementary prospectus pursuant to the applicable rules; (iii) a breach by the Company or the Selling Shareholder of any warranties or provisions of the Underwriting Agreement; (iv) a suspension of trading on Euronext Amsterdam or certain other regulated stock exchanges or

any over-the-counter market; (v) a banking moratorium by the United Kingdom, the Netherlands, the United States federal or New York State authorities or any other relevant jurisdiction; and (vi) an outbreak or escalation of hostilities or material adverse change in financial markets, currency exchange rates or controls or any calamity or crisis and which makes the Offering impracticable or inadvisable. If the Underwriters elect to terminate their several commitments under the Underwriting Agreement, the Offering may be cancelled and, if it is cancelled, no Offer Shares will be delivered. All dealings in the Offer Shares prior to delivery and settlement will be at the sole risk of the parties concerned.

The Offering consists of (i) a public offering in the Netherlands to institutional and retail investors; and (ii) a private placement to certain institutional investors in various other jurisdictions. The Offer Shares are being offered and sold: (i) within the United States, only to qualified institutional buyers as defined in, and in reliance on, Rule 144A, or pursuant to another exemption from, the registration requirements of the Securities Act, and applicable state and other securities laws of the United States; and (ii) outside the United States, in compliance with Regulation S, or in a transaction not subject to the registration requirements of the Securities Act. The Offer Shares have not been and will not be registered under the Securities Act or under any applicable securities laws or regulations of any state of the United States, and, subject to certain exceptions, may not be offered or sold within the United States except to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Any offer or sale of Offer Shares in the United States in reliance on Rule 144A, or pursuant to another exemption from the registration requirements of the Securities Act, will be made by broker-dealers who are registered as such with the US Securities and Exchange Commission. ABN AMRO Bank N.V. and HSBC Bank plc are not registered broker-dealers in the United States, and therefore, to the extent that they intend to effect any offers or sales of Offer Shares in the United States, they will do so through their respective affiliates or agents, who are registered US broker-dealers, pursuant to applicable US securities laws.

#### **Potential conflicts of interest**

The Underwriters are acting exclusively for the Company and the Selling Shareholder (in their selling capacity) and for no one else and will not regard any other person (whether or not a recipient of this Document) as their respective clients in relation to the Offering and will not be responsible to anyone other than to the Company and/or the Selling Shareholder for giving advice in relation to the Offering and for the listing and trading of the Offer Shares and/or any other transaction or arrangement referred to in this Document.

Certain of the Underwriters and/or their respective affiliates have in the past engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company and/or the Selling Shareholder or any parties related to any of them, in respect of which they have and may in the future, receive customary fees and commissions. ING Bank and Rabobank Roermond-Echt (in each case, directly or through an affiliate) have entered into arrangements to act as lenders to the Company under existing facilities agreements, in respect of which they have in the past and may in the future receive fees and commissions (see 'Operational and Financial Review – Banking facilities and loans'). Additionally, the Underwriters and/or their respective affiliates may have held and in the future may hold, in the ordinary course of their business, securities of the Company, the Selling Shareholder and/or their respective affiliates for investment purposes. In respect hereof, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures and by rules and regulations. As a result of these transactions, these parties may have interests that may not be aligned, or could potentially conflict, with the interests of (potential) holders of the Offer Shares, or with the Company's interests.

In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Document to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than pursuant to any legal or regulatory obligation to do so. In addition, certain of the Underwriters or their affiliates may



enter into financing arrangements (including swaps) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares.

As a result of acting in the capacities described above, the Underwriters may have interests that may not be aligned, or could potentially conflict, with investors' and the Company's interests.

## **Lock-up arrangements**

### ***Company lock-up***

Pursuant to the Underwriting Agreement, the Company has agreed with the Underwriters that, for a period of 360 days from the Settlement Date, it will not, without the prior consent of the Joint Global Coordinators, acting on behalf of the Underwriters, which consent may be given by the Joint Global Coordinators in their sole discretion and at any time, directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company or any securities convertible into or exercisable or exchangeable for Shares or other shares of the Company or file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing, enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, publicly announce such an intention to effect any such transaction, or submit to its shareholders or any other body of the Company a proposal to effect any of the foregoing.

### ***Selling Shareholder lock-up***

Pursuant to the Underwriting Agreement, the Selling Shareholder has agreed with the Underwriters that, for a period of 180 days from the Settlement Date, they will not, without the prior consent of the Joint Global Coordinators, acting on behalf of the Underwriters, which consent may be given by the Joint Global Coordinators in their sole discretion and at any time, directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company or any securities convertible into or exercisable or exchangeable for Shares or other shares of the Company or request or demand that the Company file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing, enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, publicly announce such an intention to effect any such transaction, or submit to the Company's shareholders or any other body of the Company a proposal to effect any of the foregoing. The foregoing will not apply to: the sale of the Offer Shares and the Additional Shares in the Offering and the lending of Shares to the Joint Global Coordinators (acting on behalf of the Underwriters) pursuant to the Share Lending Agreement.

## **Over-Allotment and stabilisation**

In connection with the Offering, HSBC, as Stabilisation Agent (or persons acting on its behalf), may (on behalf of the Underwriters), to the extent permitted by applicable law, over-allot Shares or effect transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. Any stabilisation action may be undertaken at any time during the period commencing on the Listing Date and ending no later than 30 calendar days thereafter. Specifically, the Underwriters, the Selling Shareholder and the Company will agree that the Underwriters may, to the extent permitted by applicable laws, over-allot Shares by accepting offers to purchase a greater number of Offer Shares than for which they are obligated to procure purchasers under the Underwriting Agreement, creating a short position. A short sale is covered if the short position is no greater than the number of Additional Shares available for purchase by the Underwriters under the Over-Allotment Option. The Underwriters can close out a covered short sale by exercising the Over-Allotment Option or purchasing Shares in the open market. In determining the source of Shares to close out a covered short sale, the Underwriters will consider, among other things, the open market price of the Shares compared to the Offer Price. Furthermore, the Stabilisation Agent (or persons acting on its behalf) may effect transactions to stabilise the price of

the Shares. These activities may raise or maintain the market price of the Shares at a level higher than that which might otherwise prevail. Stabilisation will not be executed above the Offer Price. Such transactions may be effected on any securities market, over-the-counter market, stock exchange (including Euronext Amsterdam) or otherwise. The Stabilisation Agent (or persons acting on its behalf) is not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken. If undertaken, the Stabilisation Agent (or persons acting on its behalf) may discontinue any of these activities at any time but they must be brought to an end at the end of the 30-day period mentioned above. Save as required by law or regulation, the Stabilisation Agent does not intend to disclose the extent of any stabilisation transactions under the Offering. The Stabilisation Agent may, for stabilisation purposes, over-allot Shares up to a maximum of 15% of the total number of Offer Shares sold in the Offering.

In connection with the Over-Allotment Option, up to a maximum of 15% of the total number of Offer Shares will be made available by the Selling Shareholder through a securities loan to be entered on or around the date of the Underwriting Agreement (the “**Share Lending Agreement**”) to the Stabilisation Agent for the account of the Underwriters.

None of the Company, the Selling Shareholder or any of the Underwriters makes any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Shares. In addition, none of the Company, the Selling Shareholder or any of the Underwriters makes any representation that the Stabilisation Agent will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

## 16. SELLING AND TRANSFER RESTRICTIONS

### **Selling Restrictions**

The distribution of this document and the offer of Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been taken or will be taken in any jurisdiction outside of the Netherlands by us or the Underwriters that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of this Document or any other material relating to us or the Offer Shares, in any other country or jurisdiction than the Netherlands where action for that purpose is required.

Accordingly, no Offer Shares may be offered or sold either directly or indirectly, and neither this Document nor any other offering material or advertisements in connection with the Offer Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

If an investor receives a copy of this Document, the investor may not treat this Document as constituting an invitation or offer to the investor of the Offer Shares, unless, in the relevant jurisdiction, such an offer could lawfully be made to the investor, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if the investor receives a copy of this Document or any other offering materials or advertisements, the investor should not distribute the same in or into, or send the same to any person in, any jurisdiction where to do so would or might contravene local securities laws or regulations.

If an investor forwards this Document or any other offering materials or advertisements into any such territories (whether under a contractual or legal obligation or otherwise) the investor should draw the recipient's attention to the contents of this section.

Subject to the specific restrictions described below, investors (including, without limitation, any investor's nominees and trustees) wishing to accept, sell or purchase Offer Shares must satisfy themselves as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

This Document does not constitute an offer to subscribe for or purchase any of the Offer Shares to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

Investors that are in any doubt as to whether they are eligible to purchase Offer Shares should consult their professional adviser without delay.

None of the Company, the Selling Shareholder or the Underwriters accepts any legal responsibility for any violation by any person, whether or not a prospective purchaser of any of the Offer Shares, of any such restrictions.

### ***European Economic Area***

This Document has been prepared on the basis that any offer of Offer Shares in any Relevant Member State (as defined below) other than offers which are contemplated in this Document in the Netherlands once this Document has been approved by the competent authority in the Netherlands and published in accordance with the Prospectus Directive, and in respect of which we have consented in writing to the use of this Document (the "**Permitted Public Offers**"), will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Offer Shares. Accordingly, any person making or intending to make an offer in a Relevant Member State (as defined below) of Offer Shares which are the subject of the offering contemplated in this Document, other than the Permitted Public Offers, may only do so in circumstances in which no obligation arises for the Company or any of the Underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Company nor the Underwriters have authorised, nor do the Company or the Underwriters authorise, the making of any offer (other than Permitted Public Offers) of Offer Shares in circumstances in which an obligation arises for the Company or the Underwriters to publish or supplement a prospectus for such offer.

In relation to each state which is a party to the agreement relating to the member state of the European Economic Area and which has implemented the Prospectus Directive (a “**Relevant Member State**”) with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the “**Relevant Implementation Date**”), each Underwriter has not made and will not make an offer of Offer Shares which are the subject of the Offering contemplated by this Document to the public in that Relevant Member State other than Permitted Public Offers, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Offer Shares to the public in that Relevant Member State:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Global Coordinators; or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

In this paragraph, the expression an “offer to the public” in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares to be offered, so as to enable an investor to decide to purchase or subscribe the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression “Prospectus Directive” means Directive 2003/71/EC as amended, including by Directive 2010/73/EU, and includes any relevant implementing measure in each Relevant Member State.

Each person in a Relevant Member State other than, in the case of paragraph (a) below, persons receiving Permitted Public Offers, who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Document will be deemed to have represented, warranted and agreed to and with each of the Underwriters, the Selling Shareholder and the Company that:

- (a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- (b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the Prospectus Directive as having been made to such persons.

The Company, the Selling Shareholder, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

### ***United Kingdom***

This Document is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Financial Promotion Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA 2000**”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as Relevant Persons). This Document is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this document relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

Each of the Underwriters has (i) complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom; and (ii) agreed that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Offer Shares only in circumstances in which section 21(1) of the FSMA does not apply to us.

In connection with the Offering, the Underwriters are not acting for anyone other than the Company and the Selling Shareholder and will not be responsible to anyone other than the Company and the Selling Shareholder for providing the protections afforded to their clients nor for providing advice in relation to the Offering.

### ***Switzerland***

The Offer Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (the “SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for the issuance of prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Article 27ff of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offer Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering, the Company or the Offer Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of Offer Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (“FINMA”), and the offer of Offer Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (the “CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Offer Shares.

### ***United States***

The Offer Shares have not been, and will not be, registered under the Securities Act or under any applicable laws or regulations of any state of the United States, and, subject to certain exemptions, may not be offered or sold, directly or indirectly, within the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or jurisdiction of the United States. The Offer Shares are being offered and sold: (i) within the United States, only to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from the registration requirements the Securities Act, and (ii) outside the United States, in “offshore transactions” in reliance on Regulation S.

In addition, until the end of the 40th calendar day after commencement of the Offering, an offer or sale of the Offer Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

The Underwriting Agreement provides that the Underwriters may directly or through their respective United States broker-dealer affiliates arrange for the offer and resale of the Offer Shares within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements the Securities Act.

### ***Canada***

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by



the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### *Japan*

The Offer Shares offered by this Document have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Law**”). Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (including Japanese corporations), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (including Japanese corporations) except with the prior approval of the Underwriters and pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws, regulations and ministerial guidelines of Japan.

### *Australia*

This Document (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia (“**Corporations Act**”); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission (“**ASIC**”), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (c) may not be provided in Australia other than to select investors (“**Exempt Investors**”) who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act; and (ii) are “wholesale clients” for the purpose of section 761G of the Corporations Act.

The Offer Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Offer Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Offer Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Offer Shares, each purchaser or subscriber of Offer Shares represents and warrants to the Company, the Selling Shareholder, the Underwriters and their affiliates that such purchaser or subscriber is an Exempt Investor.

As any offer of Offer Shares under this Document, any supplement or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Offer Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Offer Shares each purchaser or subscriber of Offer Shares undertakes to the Company, the Selling Shareholder, the Underwriters and their affiliates that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Offer Shares, offer, transfer, assign or otherwise alienate those Offer Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

## **Transfer Restrictions**

### *Investors in the United States*

Each purchaser of Offer Shares within the United States pursuant to Rule 144A will, by accepting delivery of this Document, be deemed to have represented, agreed and acknowledged (or if it is acting for the account of another person, such person has confirmed to it that it acknowledges) that it has received a copy of this Document and such other information as it deems necessary to make an investment decision and that:

- (i) it is (A) a QIB within the meaning of Rule 144A, (B) acquiring the Offer Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth in this paragraph, (C) acquiring the Offer Shares for investment purposes, and not with a view to further distribution of such Offer Shares and (D) aware, and each beneficial owner of the Offer Shares has been advised, that the sale of the Offer Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (ii) it understands and agrees that the Offer Shares are being offered and sold in the United States only in a transaction not involving any public offering within the meaning of the Securities Act and that the Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States and may not be offered, resold, pledged or otherwise transferred, except (A) to a person whom the investor and any person acting on its behalf reasonably believes is a QIB as defined in Rule 144A purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, (B) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (C) pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 144 thereunder (if available) or (4) pursuant to an effective registration statement under the US Securities Act; in each case in accordance with any applicable securities laws of any state, territory or other jurisdiction of the United States;
- (iii) it acknowledges that the Offer Shares (whether in physical, certificated form or in uncertificated form held in CREST) are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of Offer Shares;
- (iv) notwithstanding anything to the contrary in the foregoing, it understands that Offer Shares may not be deposited into an unrestricted depository receipt facility in respect of the Offer Shares established or maintained by a depository bank, so long as such Offer Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act;
- (v) any offer, sale, resale, pledge or other transfer of the Offer Shares made other than in compliance with the above stated restrictions shall not be recognised by the Company;
- (vi) it agrees that it will give to each person to whom it offers, resells, pledges or otherwise transfers Offer Shares notice of any restrictions on transfer of such Offer Shares; and
- (vii) it acknowledges that the Company, the Selling Shareholder, the Underwriters and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Offer Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Offer Shares as a fiduciary or agent for one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account (in which case it hereby makes such acknowledgements, representations and agreements on behalf of such QIBs as well).

### *Investors outside the United States*

Each purchaser of Offer Shares outside the United States pursuant to Regulation S will, by accepting delivery of this Document, be deemed to have represented, agreed and acknowledged that it has received a copy of this Document and such other information as it deems necessary to make an investment decision and that:

- (i) it is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;
- (ii) it acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Offer Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and are subject to significant restrictions on transfer;
- (iii) it and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares is purchasing the Offer Shares in an offshore transaction meeting the requirements of Regulation S;
- (iv) the purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Document;
- (v) the Offer Shares have not been offered to it by means of any “directed selling efforts” as defined in Regulation S;
- (vi) any offer, sale, resale, pledge or other transfer of the Offer Shares made other than in compliance with the above stated restrictions shall not be recognised by the Company; and
- (vii) the Company, the Selling Shareholders, the Underwriters and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and the purchaser agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Offer Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Offer Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account (in which case it hereby makes such acknowledgements, representations and agreements on behalf of such accounts as well).

## 17. TAXATION

### Taxation in the Netherlands

#### General

The following is a general summary of certain material Netherlands tax consequences of the acquisition, holding and disposal of the Shares. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to all categories of investors or prospective investors, some of which may be subject to special tax treatment under applicable law (such as trusts or other similar arrangements), and in view of its general nature, it should be treated with corresponding caution. Holders or prospective holders should consult with their tax advisors with regard to the tax consequences of investing in the Shares in their particular circumstances. The discussion below is included for general information purposes only.

Please note that this summary does not describe the tax considerations for:

- (i) holders of Shares if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest or deemed substantial interest in us under the Netherlands Income Tax Act 2001 (in Dutch: “*Wet inkomstenbelasting 2001*”). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (statutorily defined term), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5% or more of the company’s annual profits and/or to 5% or more of the company’s liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- (ii) holders of Shares in us that qualify or qualified as a participation for purposes of the Netherlands Corporate Income Tax Act 1969 (in Dutch: “*Wet op de vennootschapsbelasting 1969*”). Generally, a taxpayer’s shareholding of 5% or more in a company’s nominal paid-up share capital qualifies as a participation. A holder may also have a participation if such holder does not have a 5% shareholding but a related entity (statutorily defined term) has a participation or if the company in which the shares are held is a related entity (statutorily defined term);
- (iii) holders of Shares who are individuals for whom the Shares or any benefit derived from the Shares are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holders (as defined in the Netherlands Income Tax Act 2001); and
- (iv) pension funds, investment institutions (in Dutch: “*fiscale beleggingsinstellingen*”), exempt investment institutions (in Dutch: “*vrijgestelde beleggingsinstellingen*”) and other entities that are, in whole or in part, not subject to or exempt from corporate income tax in The Netherlands, as well as entities that are exempt from corporate income tax in their country of residence, such country of residence being another state of the European Union, Norway, Liechtenstein, Iceland or any other state with which The Netherlands have agreed to exchange information in line with international standards.

Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and published regulations, whereby the Netherlands means the part of the Kingdom of the Netherlands located in Europe, as in effect on the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

#### Withholding Tax

Dividends distributed by us generally are subject to Netherlands dividend withholding tax at a rate of 15%. Generally, the dividend withholding tax will not be borne by us, but will be withheld by us from the gross dividends paid on the Shares. The expression “dividends distributed” includes, among other things:

- distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital not recognised for Netherlands dividend withholding tax purposes;

- liquidation proceeds, proceeds of redemption of Shares, or proceeds of the repurchase of Shares by us or one of our subsidiaries or other affiliated entities, other than as a temporary portfolio investment (in Dutch: “*ter tijdelijke belegging*”), to the extent such proceeds exceed the average paid-in capital of those Shares as recognised for purposes of Netherlands dividend withholding tax;
- an amount equal to the par value of Shares issued or an increase of the par value of Shares, to the extent that it does not appear that a contribution, recognised for purposes of Netherlands dividend withholding tax, has been made or will be made; and
- partial repayment of the paid-in capital, recognised for purposes of Netherlands dividend withholding tax, if and to the extent that we have net profits (in Dutch: “*zuivere winst*”), unless the General Meeting has resolved in advance to make such repayment and the par value of the Shares concerned has been reduced by an equal amount by way of an amendment of our Articles of Association. The term “net profits” includes anticipated profits that have yet to be realized.

If a holder of Shares is resident in a country other than The Netherlands and if a double taxation convention is in effect between The Netherlands and such other country, such holder of Shares may, depending on the terms of that double taxation convention, be eligible for a full or partial exemption from, or refund of, Netherlands dividend withholding tax.

Individuals and corporate legal entities who are resident or deemed to be resident in The Netherlands for Netherlands tax purposes (“Netherlands Resident Individuals” and “Netherlands Resident Entities” as the case may be), can generally credit the Netherlands dividend withholding tax against their income tax or corporate income tax liability. The same generally applies to holders of Shares that are neither resident nor deemed to be resident of the Netherlands if the Shares are attributable to a Netherlands permanent establishment of such non-resident holder.

In general, we will be required to remit all amounts withheld as Netherlands dividend withholding tax to the Netherlands tax authorities. However, under certain circumstances, we are allowed to reduce the amount to be remitted to the Netherlands tax authorities by the lesser of:

- 3% of the portion of the distribution paid by us that is subject to Netherlands dividend withholding tax; and
- 3% of the dividends and profit distributions, before deduction of foreign withholding taxes, received by us from qualifying foreign subsidiaries in the current calendar year (up to the date of the distribution by us) and the two preceding calendar years, as far as such dividends and profit distributions have not yet been taken into account for purposes of establishing the above mentioned reduction.

Although this reduction reduces the amount of Netherlands dividend withholding tax that we are required to remit to the Netherlands tax authorities, it does not reduce the amount of tax that we are required to withhold on dividends distributed.

Pursuant to legislation to counteract “dividend stripping”, a reduction, exemption, credit or refund of Netherlands dividend withholding tax is denied if the recipient of the dividend is not the beneficial owner as described in the Netherlands Dividend Withholding Tax Act 1965. This legislation generally targets situations in which a shareholder retains its economic interest in shares but reduces the withholding tax costs on dividends by a transaction with another party. It is not required for these rules to apply that the recipient of the dividends is aware that a dividend stripping transaction took place. The Netherlands State Secretary of Finance takes the position that the definition of beneficial ownership introduced by this legislation will also be applied in the context of a double taxation convention.

### ***Taxes on Income and Capital Gains***

#### ***Netherlands Resident Individuals***

If a holder of Shares is a Netherlands Resident Individual, any benefit derived or deemed to be derived from the Shares is taxable at the progressive income tax rates (with a maximum of 52%), if:

- a) the Shares are attributable to an enterprise from which The Netherlands Resident Individual derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth (in Dutch: “*medegerechtigd tot het vermogen*”) of such enterprise, without being an entrepreneur or a shareholder, as defined in the Netherlands Income Tax Act 2001; or



- b) the holder of the Shares derives benefits from the Shares that are taxable as benefits from other activities (in Dutch “*resultaat uit overige werkzaamheden*”), which include the performance of activities with respect to the Shares that go beyond ordinary asset management (in Dutch: “*normaal, actief vermogensbeheer*”).

If the above-mentioned conditions (a) and (b) do not apply to the individual holder of Shares, the Shares are recognised as investment assets and included as such in such holder’s net investment asset base (in Dutch: “*rendementsgrondslag*”). Such holder will be taxed annually on a deemed income of 4% of his or her net investment asset base for the year, insofar as this exceeds a certain threshold (in Dutch “*heffingvrij vermogen*”), at an income tax rate of 30%. The net investment asset base for the year is the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. A tax free allowance may be available. Actual benefits derived from the Shares are as such not subject to Netherlands income tax.

#### *Netherlands Resident Entities*

Any benefit derived or deemed to be derived from the Shares held by Netherlands Resident Entities, including any capital gains realised on the disposal thereof, will generally be subject to Netherlands corporate income tax at a rate of 25% (a corporate income tax rate of 20% applies with respect to taxable profits up to EUR 200,000).

#### *Non-residents of The Netherlands*

A holder of Shares will not be subject to Netherlands taxes on income or on capital gains in respect of any payment under the Shares or any gain realised on the disposal or deemed disposal of the Shares, provided that:

- i. such holder is neither a resident nor deemed to be resident in The Netherlands for Netherlands tax purposes;
- ii. such holder does not have an interest in an enterprise or a deemed enterprise (statutorily defined term), whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as entrepreneur or a shareholder), which enterprise is, in whole or in part, carried out through a permanent establishment, a deemed permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise the Shares are attributable;
- iii. in the event such holder is an individual, such holder does not derive benefits from the Shares that are taxable as benefits from other activities in The Netherlands, which include the activities in The Netherlands with respect to the Shares that go beyond ordinary asset management;
- iv. in case such holder is an individual, such individual is not entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or through an employment relationship, to which enterprise the Shares or payments in respect of the Shares are attributable; and
- v. in case such holder is an entity, such entity is neither entitled to a share in the profits of an enterprise nor co-entitled to the net worth of such enterprise effectively managed in the Netherlands, other than by way of the holding of securities, to which enterprise the Shares, or payments in respect of the Shares, as the case may be, are attributable.

#### ***Gift and Inheritance Taxes***

##### *Residents of The Netherlands*

Gift and inheritance taxes will arise in The Netherlands with respect to a transfer of the Shares by way of a gift by, or on the death of, a holder of Shares who is resident or deemed to be resident in The Netherlands at the time of the gift or his/her death.

##### *Non-residents of The Netherlands*

No Netherlands gift or inheritance taxes will arise on the transfer of the Shares by way of gift by, or on the death of, a holder of Shares who is neither resident nor deemed to be resident in The Netherlands, unless:

- i. in the case of a gift of Shares by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in The Netherlands;

- ii. the gift is made under a condition precedent and such holder is or is deemed to be a resident of the Netherlands at the time the condition is fulfilled; or
- iii. the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands.

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident in The Netherlands if such person has been resident in The Netherlands at any time during the ten years preceding the date of the gift or his/her death. Additionally, for purposes of Netherlands gift tax, amongst others, a person, irrespective of his/her nationality, will be deemed to be resident in The Netherlands if such person has been resident in The Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

### ***Other Taxes and Duties***

No Netherlands VAT and no Netherlands registration tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable by a holder of Shares on any payment in consideration for the acquisition, holding or disposal of the Shares.

### ***Residence***

A holder of Shares will not become or be deemed to become a resident of the Netherlands solely by reason of holding the Shares.

### **U.S. Taxation**

This section describes the material United States federal income tax consequences to U.S. holders of acquiring, owning, and disposing of the Company's Shares. It applies only to U.S. holders who acquire their Shares in this Offering and hold such Shares as capital assets for U.S. federal income tax purposes. This section does not apply to holders who are members of a special class of holders subject to special rules, including:

- a dealer in securities,
- a real estate investment trust or regulated investment company,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- a tax-exempt organization, including an "individual retirement account" or "Roth IRA,"
- a bank or other financial institution, or life insurance company,
- a person that actually or constructively owns 10% or more of the voting power or value of the Company's Shares,
- a person that holds Shares as part of a straddle or a hedging, integrated or conversion transaction,
- U.S. persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar,
- certain former citizens or long term residents of the United States,
- a U.S. holder (as defined below) whose functional currency is not the U.S. dollar.

This section is based on the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing and proposed regulations, published rulings and court decisions, as well as on the Convention Between the Government of the United States of America and the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion With Respect to Taxes on Income (together with the Protocol thereto, the "Treaty"). These laws are subject to differing interpretations or change, possibly on a retroactive basis.

A holder is a "U.S. holder" if it is a beneficial owner of Shares and if such holder is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States,
- a corporation (or other entity that is treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia,
- an estate whose income is subject to U.S. federal income tax regardless of its source, or

- a trust, if (1) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (2) such trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A beneficial owner of Shares that is a partnership, and partners in such partnership, should consult their own tax advisors regarding the tax consequences of acquiring, owning and disposing of the Shares.

**Holders should consult their own tax advisors regarding the U.S. federal, state and local and other tax consequences of acquiring, owning and disposing of Shares in their particular circumstances.**

This discussion addresses only U.S. federal income taxation. Holders should consult their own tax advisors as to potential application of U.S. state and local tax laws, as well as any other U.S. tax laws (such as the gift, alternative minimum, or estate tax) and other U.S. laws, and foreign laws, including the laws of the Netherlands.

### ***Taxation of U.S. holders***

#### ***Taxation of Dividends.***

Subject to the passive foreign investment company ("PFIC") rules discussed below, the gross amount of any dividend the Company pays out of its current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) is subject to U.S. federal income taxation.

Distributions in excess of current and accumulated earnings and profits, if any, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of a U.S. holder's basis in the Shares and thereafter as capital gain; however, since the Company does not intend to maintain books and records in accordance with U.S. tax principles, a U.S. holder will be required to treat all amounts the Company distributes as dividends for U.S. federal income tax purposes. Dividends paid to a noncorporate U.S. holder that constitute "qualified dividend income" may qualify for the preferential rates of taxation under current law applicable to long-term capital gains provided that such noncorporate U.S. holder holds its Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date of such dividend and meet other holding period requirements.

In order for the dividends paid by the Company to be treated as qualified dividend income, the Company must be eligible for the benefits of a comprehensive income tax treaty with the United States which the Internal Revenue Service has determined is satisfactory and which includes an exchange of information program. The Internal Revenue Service has determined that the Treaty is satisfactory for this purpose and that the Treaty includes an exchange of information program. The Company expects to qualify as a resident of the Netherlands for purposes of, and to be eligible for the benefits of, the Treaty by virtue of the Company's shares being listed and substantially and regularly traded on NYSE Euronext Amsterdam. As a result, the Company expects that the dividends paid will be treated as qualified dividend income for eligible noncorporate U.S. holders, provided that the holding period requirement (discussed above) is met. However, if the Company's Shares cease to be traded on NYSE Euronext Amsterdam, the Company would have to qualify for the benefits of the Treaty under some other provision of the limitation on benefits article of the Treaty in order for dividends the Company pays to continue to be eligible for treatment as qualified dividend income. U.S. holders should consult their own tax advisors as to the treatment of dividends paid by the Company as qualified dividend income.

With respect to any dividend the Company pays, U.S. holders must include any Dutch tax withheld from the dividend payment in the gross amount of such dividend even though such U.S. holder does not in fact receive it. Dividends are taxable to U.S. holders when such dividends are received, actually or constructively. Such dividends will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. The amount of a dividend distribution that U.S. holders must include in their income as a U.S. holder will be the U.S. dollar value of the euro payments made, determined at the spot euro/U.S. dollar rate on the date the dividend distribution is includible in such U.S. holder's income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date a dividend payment is included in taxable

income to the date the payment is converted into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Subject to certain limitations, the Dutch tax withheld in accordance with the Treaty and paid over to the Netherlands will be creditable against a U.S. holder's U.S. federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to preferential rates of taxation under current law. To the extent a refund of the tax withheld is available to a U.S. holder under Dutch law or under the Treaty, the amount of tax withheld that is refundable generally will not be eligible for credit against such U.S. holder's U.S. federal income tax liability. *See 'Taxation-Taxation in the Netherlands,' above, for the procedures for obtaining a tax refund.*

Dividends generally will be income from sources outside the United States, and dividends paid will, depending on a U.S. holder's circumstances, be "passive" or "general" income which, in either case, is treated separately from other types of income for purposes of computing the allowable foreign tax credit. A U.S. holder may make an election to treat all foreign taxes paid as deductible expenses in computing taxable income, rather than as a credit against tax, subject to generally applicable limitations. Such an election, once made, applies to all foreign taxes paid for the taxable year subject to the election. The rules governing foreign tax credits are complex and, therefore, U.S. holders are strongly encouraged to consult their own tax advisors to determine whether they are subject to any special rules that may limit their ability to make effective use of foreign tax credits and whether or not an election would be appropriate based on their particular circumstances. **The foreign tax credit rules are complex. U.S. holders should consult their own tax advisors regarding the availability of credits for any Dutch taxes withheld, and the foreign tax credit rules generally, in their individual circumstances.**

#### *Taxation of Capital Gains.*

Subject to the PFIC rules discussed below, if a U.S. Holder sells or otherwise disposes of its Shares, such U.S. holder will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. dollar value of the amount realized and such U.S. holder's tax basis, determined in U.S. dollars, in its Shares. Capital gain of a noncorporate U.S. Holder is generally taxed at a preferential rate of taxation under current law where the holder has a holding period greater than one year. Such gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

#### *Passive Foreign Investment Company Considerations.*

The Company believes that its Shares should not be treated as stock of a PFIC for U.S. federal income tax purposes, but this conclusion is a factual determination that is made annually and thus may be subject to change. If the Company were treated as a PFIC and if the Company's Shares were treated as marketable stock, any gain realized on the sale or other disposition of a U.S. holder's Shares would in general not be treated as capital gain. Instead, such U.S. holder would be treated as if it had realized such gain and certain "excess distributions" ratably over its holding period for the Shares, and such U.S. holder would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. With certain exceptions, Shares will be treated as stock in a PFIC if the Company were a PFIC at any time during a U.S. holder's holding period in its Shares. Dividends received will not be eligible for the special tax rates applicable to qualified dividend income if the Company were treated as a PFIC with respect to a U.S. holder either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income.

#### *Net Investment Income Tax.*

An additional tax is imposed on the "net investment income" of certain U.S. holders who are citizens and resident aliens, and on the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" generally would include dividends paid on Shares and certain net gain from the sale or other taxable disposition of Shares, less certain deductions. U.S. holders should consult their own tax advisors concerning the effect, if any, of this net investment income tax on holding Shares in their particular circumstances.

### *Backup Withholding and Information Reporting.*

For a non-corporate U.S. holder, information reporting requirements, on Internal Revenue Service Form 1099, generally will apply to:

- dividend payments or other taxable distributions made to such U.S. holder within the United States or by a U.S. payor; and
- the payment of proceeds to such U.S. holder from the sale of Shares effected at a U.S. office of a broker.

Additionally, backup withholding may apply to such payments to a noncorporate U.S. holder that:

- fails to provide an accurate taxpayer identification number;
- is notified by the Internal Revenue Service that such noncorporate U.S. holder has failed to report all interest and dividends required to be shown on its U.S. federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

In addition, a sale of Shares effected at a foreign office of a broker will be subject to information reporting if the broker is:

- a U.S. person;
- a controlled foreign corporation for United States tax purposes;
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period; or
- a foreign partnership, if at any time during its tax year:
  - one or more of its partners are “U.S. persons,” as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or
  - such foreign partnership is engaged in the conduct of a U.S. trade or business,

unless the broker does not have actual knowledge or reason to know that a holder is a U.S. person and the documentation requirements described above are met or such holder otherwise establishes an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that a holder is a U.S. person.

Backup withholding is not an additional tax. Holders generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed such holder’s U.S. federal income tax liability by timely filing a refund claim with the Internal Revenue Service.

### *Disclosure of Information with respect to Foreign Financial Assets.*

Certain U.S. holders who hold any interest in “specified foreign financial assets,” including the Shares during such holder’s taxable year must attach to the U.S. federal income tax return for such year certain information with respect to each asset if the aggregate value of all of such assets exceeds \$50,000 on the last day of the tax year or more than \$75,000 at any time during the tax year (or a higher dollar amount prescribed by the Internal Revenue Service). For this purpose, a “specified foreign financial asset” includes any depositary, custodial or other financial account maintained by a foreign financial institution, and certain assets that are not held in an account maintained by a financial institution, including any stock or security issued by a person other than a U.S. person. A U.S. holder subject to these rules who fails to furnish the required information is subject to a penalty of \$10,000, and an additional penalty may apply if the failure continues for more than 90 days after the U.S. holder is notified of such failure by the Internal Revenue Service; however, these penalties may be avoided if the U.S. holder demonstrates a reasonable cause for the failure to comply. An accuracy-related penalty of 40 per cent is imposed for an underpayment of tax that is attributable to an “undisclosed foreign financial asset understatement,” which for this purpose is the portion of the understatement for any taxable year that is attributable to any transaction involving an “undisclosed foreign financial asset,” including any asset that is subject to the information reporting requirements of these rules, which would include the Shares if the dollar threshold described above were satisfied.

The applicable statute of limitations for assessment of U.S. federal income taxes is extended to six years if there is an omission of gross income in excess of \$5,000 and the omission of gross income is attributable to a foreign financial asset as to which reporting is required as described above (or would be so required if the requirement for reporting specified foreign financial assets were applied without regard to the dollar threshold specified therein and without regard to certain exceptions that may be



specified by the Internal Revenue Service). In addition, the statute of limitations with respect to a U.S. holder's entire U.S. federal income tax return will be suspended if a U.S. holder fails to timely provide information with respect to specified foreign financial assets required to be reported or fails to timely provide the annual information reports required for holders of PFIC stock. **Holders should consult their own tax advisers concerning any obligation that they may have to furnish information to the Internal Revenue Service as a result of holding the Shares.**

The above discussion is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the Company's Shares.

## **18. INDEPENDENT AUDITORS**

Ernst & Young Accountants LLP, independent auditors, of which the auditors (*registeraccountants*) are members of the Royal NBA (Koninklijke Nederlandse Beroepsorganisatie van Accountants – The Royal Netherlands Institute of Chartered Accountants), is the auditor of the S.I.F. Beheer B.V. for the consolidated financial statements relating to the financial years 2012, 2013 and 2014 and reviewed the unaudited interim consolidated financial statements for the nine months ended 30 September 2014 and 2015.

## **19. GENERAL INFORMATION**

### **Significant Change in the Company's financial or trading position**

Save as disclosed in this Document, no significant change in the financial or trading position of the Group has occurred since 30 September 2015.

### **Publication of the Results of the Offering**

The results of the Offering will be disclosed through a press release published in the Netherlands, which will also be posted on the Company's website, on the Settlement Date.

### **Corporate Resolutions**

On 14 January 2016, a General Meeting was held, during which the General Meeting authorised the Management Board, and the Supervisory Board approved, to issue the Offer Shares and to exclude the pre-emptive rights of the Shareholders with respect to the issuance of the Offer Shares.

### **Legal and arbitration proceedings**

The Group is not, or during the 12 months preceding the date of this Document has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) that may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

## 20. DEFINITIONS

<b>Additional Shares</b>	up to 1,200,000 additional Shares held by the Selling Shareholder compromising up to 15% of the total number of Offer Shares sold in the Offering, which the Selling Shareholder may be required to sell pursuant the Over-Allotment Option
<b>AFM</b>	the Netherlands Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> )
<b>Articles of Association</b>	the articles of association of the Company as they shall read as of the Settlement
<b>ASIC</b>	Australian Securities and Investments Commission
<b>BNEF</b>	Bloomberg New Energy Finance
<b>CET</b>	Central European Time
<b>CEO</b>	Chief Executive Officer
<b>Chairman</b>	chairman of the Supervisory Board
<b>CISA</b>	the Swiss Federal Act on Collective Investment Schemes
<b>Company</b>	Sif Holding N.V., which, from time to time, may refer to its legal predecessor, S.I.F. Beheer B.V.
<b>Corporations Act</b>	Corporations Act 2001 of the Commonwealth of Australia
<b>DCC</b>	Dutch Civil Code
<b>Deed of Amendment</b>	the notarial deed of amendment and conversion of the Company dated 14 January 2016
<b>Directors</b>	Managing Directors and Senior Managers
<b>Discretionary Fee</b>	a discretionary commission of up to 0.75% of the gross proceeds of the Offering (including, if applicable, any gross proceeds relating to the Additional Shares)
<b>Document</b>	this document dated 1 February 2016
<b>Document Date</b>	the date of this Document is 1 February 2016
<b>Dutch Corporate Governance Code or Code</b>	the Dutch corporate governance code issued on 9 December 2003 and as amended as of 1 January 2009
<b>Dutch Retail Investor</b>	either: (i) a natural person resident in the Netherlands; or (ii) a special investment vehicle having its seat in the Netherlands which is a legal entity established for the express and sole purpose of providing asset management and/or retirement planning services for a natural person.
<b>EEA</b>	European Economic Area
<b>Egeria</b>	Egeria Capital B.V.
<b>Enterprise Chamber</b>	the Enterprise Chamber of the Amsterdam Court of Appeal ( <i>Ondernemingskamer van het Gerechtshof te Amsterdam</i> )
<b>EPC</b>	Engineering, Procurement and Construction
<b>ERP</b>	enterprise resource planning
<b>Euroclear Nederland</b>	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.
<b>Euronext</b>	Euronext Amsterdam N.V.
<b>EURIBOR</b>	1 month Euro Interbank Offered Rate
<b>EV</b>	market value of all issued Shares of the Company including net debt as per 30 September 2015
<b>EWEA</b>	European Wind Energy Association
<b>Exempt Investors</b>	select investors who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act; and (ii) are

	“wholesale clients” for the purpose of section 761G of the Corporations Act
<b>EY</b>	Ernst & Young Accountants LLP
<b>Financial Instruments and Exchange Law</b>	Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended)
<b>Financial Promotion Order</b>	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
<b>Financial Statements</b>	the audited consolidated financial information of S.I.F. Beheer B.V. as at and for the years ended 31 December 2014, 2013 and 2012, prepared in accordance with the IFRS
<b>Financing Facility Agreement</b>	The new financing facility agreement entered into by the Company on 11 November 2015
<b>FINMA</b>	Swiss Financial Market Supervisory Authority
<b>FSMA 2000</b>	Financial Services and Markets Act 2000 as amended
<b>General Meeting</b>	the general meeting of Shareholders ( <i>algemene vergadering</i> ) of the Company being the corporate body or, where the context so requires, the physical meeting of shareholders of the Company
<b>Group</b>	the Company together with its consolidated subsidiaries
<b>ha</b>	hectare
<b>HES</b>	health, environment and safety
<b>IAS</b>	International Accounting Standards
<b>IFRS</b>	the International Financial Reporting Standards as adopted by the European Union
<b>Indemnified Officer</b>	each current or former Managing Director or Supervisory Director or such current or former officer or employee of the Company or its Group Companies as the Management Board may determine at its absolute discretion is indemnified or held harmless by the Company
<b>Joint Global Coordinators</b>	ABN AMRO Bank N.V. and HSBC Bank plc
<b>Joint Lead Managers</b>	ING Bank N.V. and Coöperatieve Rabobank U.A.
<b>KPIs</b>	key performance indicators
<b>Large Company</b>	a company that meet at least two of the following three criteria: (i) the value of the company’s assets according to its balance sheet together with explanatory notes, on the basis of the purchase price or manufacturing costs exceeds EUR 17.5 million; (ii) its net turnover in the applicable year exceeds EUR 35.0 million; and (iii) its average number of employees in the applicable year is 250 or more
<b>Listing and Paying Agent</b>	ABN AMRO Bank N.V.
<b>Listing Date</b>	the date on which trading on an “as-if-and-when-issued” basis in the Shares on Euronext Amsterdam commences, which is expected on or about 12 February 2016
<b>MAKE</b>	MAKE Consulting
<b>Management Board</b>	the management board ( <i>bestuur</i> ) of the Company
<b>Management Board Rules</b>	the internal rules regulating the Management Board’s decision-making process and working methods
<b>Managing Director</b>	a member of the Management Board
<b>NFSA</b>	the Netherlands Financial Supervision Act ( <i>Wet op het financieel toezicht</i> )
<b>Offer Price</b>	the offer price per Offer Share



<b>Offer Price Range</b>	the expected price range of EUR 14.00 to EUR 17.00 (inclusive) per Offer Share
<b>Offering</b>	the public offering of the Offer Shares to retail and institutional investors in the Netherlands and through private placements to certain institutional investors in various other jurisdictions
<b>Offering Reward</b>	several employees of the Group will be awarded in case of a successful Offering and provided that certain conditions are met
<b>Offer Period</b>	the period during which the Offering will take place, commencing on 9:00 CET on 1 February 2016 and ending at 14:00 CET on 11 February 2016, subject to acceleration or extension of the timetable for the Offering. The offering period for Dutch Retail Investors will end at 17.30 CET on 10 February 2016
<b>Offer Shares</b>	the Shares that will be offered by the Selling Shareholder in the Offering which excludes, unless the context indicates otherwise, the Additional Shares
<b>Over-Allotment Option</b>	the option granted to the Underwriters, exercisable within 30 calendar after the Listing Date, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require the Selling Shareholder to sell at the Offer Price Additional Shares held by the Selling Shareholder
<b>Permitted Public Offers</b>	any offer of Offer Shares in any Relevant Member State (as defined below) other than offers which are contemplated in this Document in the Netherlands once this Document has been approved by the competent authority in the Netherlands and published in accordance with the Prospectus Directive, and in respect of which we have consented in writing to the use of this Document
<b>Preferential Retail Allocation</b>	The preferential allocation of Offer Shares to Dutch Retail Investors
<b>Pricing Statement</b>	the pricing statement detailing the Offer Price, the exact number of Offer Shares to be offered and the maximum number of Additional Shares
<b>Prospectus Directive</b>	Directive 2003/71/EC, as amended
<b>QIBs</b>	qualified institutional buyers as defined in Rule 144A under the Securities Act
<b>Regulation S</b>	Regulation S under the Securities Act
<b>Relationship Agreement</b>	the relationship agreement between the Company and the Selling Shareholder expected to be entered into on the Settlement Date
<b>Relevant Implementation Date</b>	the date on which the Prospectus Directive is implemented in a Member State
<b>Relevant Member State</b>	each state member state of the EEU which has implemented the Prospectus Directive
<b>Relevant Persons</b>	all such persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the Financial Promotion Order, (ii) are persons falling within article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA 2000) in connection with the issue or sale of the Offer Shares may otherwise lawfully be communicated
<b>Retail Coordinator</b>	ABN AMRO Bank N.V.
<b>Roland Berger</b>	Roland Berger Strategy Consultants B.V.

<b>Roland Berger Report</b>	a market study the Group commissioned from Roland Berger dated 17 April 2015
<b>Rule 144A</b>	Rule 144A under the Securities Act
<b>Securities Act</b>	the U.S. Securities Act of 1933, as amended
<b>Selling Shareholder</b>	GKSE Holding B.V.
<b>Selling Shareholder Director</b>	a Supervisory Director appointed by the Selling Shareholder
<b>Settlement</b>	payment for and delivery of the Offer Shares
<b>Settlement Date</b>	the date on which the Offer Shares will be received by investors, which, subject to acceleration or extension of the timetable of the Offering, is expected to be on or around 16 February 2016 (the second business day following the Listing Date)
<b>Shares</b>	the ordinary shares in the Company's share capital, with a nominal value of EUR 0.20 per share
<b>Shareholder(s)</b>	a holder of Shares
<b>Share Lending Agreement</b>	the securities loan to be entered into on or around the date of the Underwriting Agreement by and between the Stabilisation Agent and the Selling Shareholder
<b>Simple Majority</b>	a majority of more than half of the votes cast of votes being required in the Company
<b>SIX</b>	SIX Swiss Exchange
<b>Smulders</b>	Smulders Foundations B.V.
<b>Stabilisation Agent</b>	HSBC Bank plc
<b>Structure Companies</b>	companies to which the Structure Regime is applicable
<b>Structure Regime</b>	a special regime relating to corporate governance applicable to large Dutch companies that meet certain criteria
<b>Supervisory Board</b>	the supervisory board ( <i>raad van commissarissen</i> ) of the Company
<b>Supervisory Board Rules</b>	the internal rules regulating the Supervisory Board's decision-making process and working methods
<b>Supervisory Director</b>	a member of the Supervisory Board
<b>The Netherlands</b>	the part of the Kingdom of the Netherlands located in Europe
<b>Underwriters</b>	each of the Joint Global Coordinators and Joint Lead Managers
<b>Underwriting Agreement</b>	an underwriting agreement on or about 1 February 2016 with respect to the offer and sale of the Offer Shares entered into by Company, the Selling Shareholder and the Underwriters
<b>U.S. Exchange Act</b>	U.S. Securities Exchange Act of 1934, as amended
<b>Works Council</b>	the works council of the Group

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## **21. FINANCIAL STATEMENTS**

**S.I.F. Beheer B.V.**

Unaudited interim condensed  
financial statements

30 September 2015



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**Interim condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 September**

		2015		2014	
		EUR 1,000 Unaudited	EUR 1,000 Unaudited	EUR 1,000 Unaudited	EUR 1,000 Unaudited
<b>Total revenue</b>	3		<b>213,535</b>		211,412
Raw materials		<b>73,774</b>		92,342	
Subcontracted work & other external charges		<b>63,801</b>		47,201	
Logistic & other project related expenses		<b>6,319</b>		11,002	
Direct personnel expenses		<b>14,995</b>		13,867	
Production & general manufacturing expenses		<b>5,054</b>		5,079	
Indirect personnel expenses		<b>5,360</b>		5,183	
Depreciation		<b>5,197</b>		5,448	
Facilities, housing & maintenance		<b>1,277</b>		1,262	
Selling expenses		<b>351</b>		267	
General expenses		<b>3,285</b>		1,451	
Other (income) / expenses		<b>(107)</b>		(209)	
<b>Operating profit</b>			<b>34,229</b>		28,519
Finance income		<b>68</b>		40	
Finance costs		<b>(1,085)</b>		(1,531)	
<b>Net finance costs</b>			<b>(1,017)</b>		(1,491)
<b>Profit before tax</b>			<b>33,212</b>		27,029
Income tax expense	4		<b>7,501</b>		6,389
<b>Profit attributable to the shareholder</b>			<b>25,711</b>		20,640
Other comprehensive income			<b>0</b>		0
<b>Total comprehensive income</b>			<b>25,711</b>		<b>20,640</b>
<b>Earnings per share (EUR 1,000)</b>					
Basic earnings per share (EUR)			<b>57</b>		45
Diluted earnings per share (EUR)			<b>57</b>		45

**Interim condensed consolidated statement of financial position as at**

		<b>30-Sep-2015</b> <b>EUR 1,000</b> <b>Unaudited</b>	31-Dec-2014 EUR 1,000 Unaudited	30-Sep-2014 EUR 1,000 Unaudited
<b>Assets</b>				
Property, plant and equipment	5	<b>49,374</b>	44,198	45,223
Investment property		<b>375</b>	375	465
<b>Total non-current assets</b>		<b>49,749</b>	44,573	45,688
Inventories		<b>252</b>	288	258
Work in progress – amounts due from customers	6	<b>34,678</b>	17,829	19,333
Trade and other receivables		<b>68,053</b>	6,492	17,972
Receivable on shareholder		<b>922</b>	32,654	25,117
VAT receivables		<b>8,391</b>	0	0
Other financial assets		<b>152</b>	270	371
Prepayments		<b>284</b>	106	247
Cash and cash equivalents	9	<b>13,724</b>	24,993	39,662
<b>Total current assets</b>		<b>126,456</b>	82,632	102,960
<b>Total assets</b>		<b>176,205</b>	127,205	148,648
<b>Equity</b>				
Share capital		<b>45</b>	45	45
Additional paid-in capital		<b>1059</b>	1,059	1059
Retained earnings		<b>21,718</b>	26,376	26,377
Result for the period		<b>25,711</b>	27,996	20,640
<b>Total equity</b>		<b>48,533</b>	55,476	48,121
<b>Liabilities</b>				
Loans and borrowings		<b>30,539</b>	32,427	34,383
Other non-current financial liabilities	10	<b>1,080</b>	1,509	1,658
Employee benefits		<b>194</b>	230	221
Deferred tax liabilities		<b>900</b>	1,146	1,250
<b>Total non-current liabilities</b>		<b>32,713</b>	35,312	37,512
Loans and borrowings		<b>4,000</b>	4,000	4,500
Trade payables	8	<b>58,363</b>	18,526	37,669
Work in progress – amounts due to customers	6	<b>28,779</b>	11,141	15,680
Employee benefits		<b>625</b>	916	871
Wage tax & social security		<b>675</b>	408	626
VAT payable		<b>0</b>	950	1,857
Other current liabilities		<b>2,517</b>	476	1,812
<b>Total current liabilities</b>		<b>94,959</b>	36,417	63,015
<b>Total liabilities</b>		<b>127,672</b>	71,729	100,526
<b>Total equity and liabilities</b>		<b>176,205</b>	127,205	148,648

# Interim condensed consolidated statement of changes in equity

for the nine months ended 30 September 2015		Share capital	Additional paid-in capital	Retained earnings	Total equity
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Balance as at 31 December 2014		45	1,059	54,372	55,476
<b><u>Total comprehensive income</u></b>					
Profit attributable to the shareholder		—	—	25,711	25,711
Total comprehensive income		—	—	25,711	25,711
<b><u>Transactions with owners of the Company</u></b>					
Dividends	13	—	—	(32,654)	(32,654)
Total transactions with owners of the Company		—	—	(32,654)	(32,654)
<b>Balance as at 30 September 2015</b>		<b>45</b>	<b>1,059</b>	<b>47,429</b>	<b>48,533</b>
<b>for the nine months ended 30 September 2014</b>					
Balance as at 31 December 2013		45	1,059	44,843	45,947
<b><u>Total comprehensive income</u></b>					
Profit attributable to the shareholder		—	—	20,640	20,640
Total comprehensive income		—	—	20,640	20,640
<b><u>Transactions with owners of the Company</u></b>					
Dividends	13	—	—	(18,466)	(18,466)
Total transactions with owners of the Company		—	—	(18,466)	(18,466)
<b>Balance as at 30 September 2014</b>		<b>45</b>	<b>1,059</b>	<b>47,017</b>	<b>48,121</b>

**Interim condensed consolidated statement of cash flows for the nine months ended 30 September**

		<b>2015</b>	2014
		<b>EUR 1,000</b>	EUR 1,000
		<b>Unaudited</b>	Unaudited
<b>Cash flows from operating activities</b>			
Profit before tax		33,212	27,029
Adjustments for:			
● Depreciation		5,197	5,448
● Net finance cost		1,017	1,491
● Changes in net working capital			
○ Inventories		36	(46)
○ Work in progress amounts due to and from customers		789	25,318
○ Trade receivables		(61,561)	(447)
○ Prepayments		(178)	462
○ Trade payables		39,837	(16,526)
		<b>(21,077)</b>	8,761
VAT payable and receivable		(8,391)	1,857
Other financial assets		118	675
Employee benefits		(327)	(317)
Wage tax and social security		(683)	212
Other current liabilities		2,041	1,463
		<b>(7,242)</b>	3,890
Income taxes paid – by shareholder	13	(7,747)	(6,715)
Interest paid – by shareholder	13	(606)	(909)
Interest paid	13	(728)	(561)
<b>Net cash from operating activities</b>		<b>2,026</b>	38,435
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(10,373)	(7,102)
Current account with shareholder	13	(921)	(25,116)
<b>Net cash from (used in) investing activities</b>		<b>(11,294)</b>	(32,218)
<b>Cash flows from financing activities</b>			
Proceeds from new borrowing		0	0
Repayment of borrowings		(2,000)	(2,500)
<b>Net cash from (used in) financing activities</b>		<b>(2,000)</b>	(2,500)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(11,269)</b>	3,716
Cash and cash equivalents at 1 January		24,993	35,946
<b>Cash and cash equivalents at 30 September</b>	9	<b>13,724</b>	39,662

## **Notes to the interim condensed consolidated financial statements for the nine months ended 30 September 2015**

### **1. Reporting entity**

S.I.F. Beheer B.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 and foundation piles for offshore wind farms.

### **2. Basis of preparation**

#### **Statement of compliance**

The interim condensed consolidated financial statements for the period ended 30 September 2015 have been prepared in accordance International Financial Reporting Standard IAS 34 as issued by the IASB and as adopted by the European Union (EU-IFRS).

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 2014.

#### **Basis of measurement**

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 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

#### ***IFRIC 21 Levies***

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required. This interpretation did not have any impact on the Group's financial position and performance as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

The interpretation became effective on 17 September 2014.

#### **Annual Improvements 2011-2013 Cycle**

These improvements are effective from 1 January 2015 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

#### ***IFRS 13 Fair Value Measurement***

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

#### ***IAS 40 Investment Property***

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. This amendment therefore does not impact the accounting policy of the Group.



### 3. Operating segments

The following table present revenue and profit information for the Group's operating segments for the nine months ended 30 September 2015 and 2014, respectively.

#### Information about reportable segments for the period ended September 30

	2015				2014			
	Wind EUR 1,000	Oil & Gas EUR 1,000	Other EUR 1,000	Total EUR 1,000	Wind EUR 1,000	Oil & Gas EUR 1,000	Other EUR 1,000	Total EUR 1,000
Revenue	183,283	29,004	1,248	213,535	170,932	37,540	2,940	211,412
Segment contribution	54,400	14,481	760	69,641	40,186	19,136	1,545	60,867
Gross profit	40,602	8,525	465	49,592	28,068	12,802	1,050	41,920
Indirect personnel expenses				5,360				5,183
Depreciation				5,197				5,448
Facilities, housing & maintenance				1,277				1,262
Selling expenses				351				267
General expenses				3,285				1,451
Other (income) / expenses				(107)				(209)
Net finance costs				1,017				1,491
<b>Total profit before tax</b>				<b>33,212</b>				<b>27,029</b>

#### Definitions for applied segments

The Group recognises three segments being Wind, Oil & Gas and Other. The Wind segments relates to products & services delivered to the offshore wind energy markets (monopiles- and transition pieces for new build wind farms), mainly in the north-western European region. The Oil & Gas segment relates to products & services delivered to the western European offshore oil & gas industry (components for jackets like piles and sleeves, for new build or replacement platforms). Other represents the remaining products and services.

#### 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.

### 4. Income tax expense

	For the nine months ended 30 September	
	2015 EUR 1,000	2014 EUR 1,000
<b>Current income tax expense</b>		
Current year income tax charge	7,747	6,715
Origination and reversal of temporary differences	(246)	(326)
Tax expense recognized in the statement of profit & loss	<b>7,501</b>	<b>6,389</b>

### 5. Property, plant and equipment

During the nine months ended 30 September 2015, the Group acquired assets with a cost of EUR 10.4 million (the nine months ended 30 September 2014: EUR 7.1 million). These acquisitions include EUR 5.8 million investments related to assets under construction.

The Group has entered into initial commitments for the construction of a new assembly and coating facility in Rotterdam. This project is expected to be completed in the third Quarter 2017. The carrying amount at 30 September 2015 was EUR 5.6 million (31 December 2014: EUR Nil). Total

borrowing costs capitalised in relation to this project amounts to EUR nil since these were financed from operating cash flows. Refer to note 12 for further disclosure on capital commitments.

## 6. Work in progress

	<b>30-Sep 2015 EUR 1,000</b>	<b>31-Dec 2014 EUR 1,000</b>	<b>30-Sep 2014 EUR 1,000</b>
Work in progress – amounts due from customers	<b>34,678</b>	17,829	19,333
Work in progress – amounts due to customers	<b>(28,779)</b>	(11,141)	(15,680)
	<b>5,899</b>	6,688	3,653
Expenses incurred including realized profit to date	<b>455,707</b>	347,796	499,542
Invoiced terms	<b>(449,808)</b>	(341,108)	(495,889)
	<b>5,899</b>	6,688	3,653

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. Due to the application of estimates, fluctuations can occur over the contract terms.

The amounts due from customers concern all projects in progress for which expenses incurred plus recorded profit minus project losses if any, exceed the terms invoiced to customers. Amounts due to customers concerns 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. Trade and other receivables

	<b>30-Sep 2015 EUR 1,000</b>	<b>31-Dec 2014 EUR 1,000</b>	<b>30-Sep 2014 EUR 1,000</b>
Trade receivables	<b>68,053</b>	6,492	17,972
Receivable on shareholder	<b>922</b>	32,654	25,117
Other financial assets	<b>152</b>	270	371
	<b>69,127</b>	39,416	43,460

The movement in trade receivables is related to the payment scheme of the different projects that are in progress.

The receivable on the shareholder concerns the current account balance with S.I.F. Holding II B.V. In the first nine months of 2015 dividends of EUR 32,654 (2014: EUR 18,466) were settled with the outstanding current account balance.

## 8. Trade payables

	<b>30-Sep 2015 EUR 1,000</b>	<b>31-Dec 2014 EUR 1,000</b>	<b>30-Sep 2014 EUR 1,000</b>
Trade payables	<b>58,363</b>	18,526	37,669

The movement in trade payables is related to the timing of delivery of materials and services and the payment terms of suppliers in relation to the projects that are in progress.

## 9. Cash and cash equivalents

	30-Sep 2015 EUR 1,000	31-Dec 2014 EUR 1,000	30-Sep 2014 EUR 1,000
Cash	12	13	13
Bank balances	13,713	24,980	39,649
Cash and cash equivalents in the statement of financial position	<u>13,725</u>	<u>24,993</u>	<u>39,662</u>

## 10. Financial instruments

### Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount		Fair value			
	Designated at fair value	Total	Level 1	Level 2	Level 3	Total
30 September 2015	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
<b>Financial liabilities measured at fair value</b>						
Interest rate swaps used for hedging	1,080	1,080	—	1,080	—	1,080
	<u>1,080</u>	<u>1,080</u>	<u>—</u>	<u>1,080</u>	<u>—</u>	<u>1,080</u>
	<u>1,080</u>	<u>1,080</u>	<u>—</u>	<u>1,080</u>	<u>—</u>	<u>1,080</u>
	<u>1,080</u>	<u>1,080</u>	<u>—</u>	<u>1,080</u>	<u>—</u>	<u>1,080</u>
	Carrying amount		Fair value			
	Designated at fair value	Total	Level 1	Level 2	Level 3	Total
31 December 2014	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
<b>Financial liabilities measured at fair value</b>						
Interest rate swaps used for hedging	1,509	1,509	—	1,509	—	1,509
	<u>1,509</u>	<u>1,509</u>	<u>—</u>	<u>1,509</u>	<u>—</u>	<u>1,509</u>
	<u>1,509</u>	<u>1,509</u>	<u>—</u>	<u>1,509</u>	<u>—</u>	<u>1,509</u>
	<u>1,509</u>	<u>1,509</u>	<u>—</u>	<u>1,509</u>	<u>—</u>	<u>1,509</u>
	Carrying amount		Fair value			
	Designated at fair value	Total	Level 1	Level 2	Level 3	Total
30 September 2014	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
<b>Financial liabilities measured at fair value</b>						
Interest rate swaps used for hedging	1,658	1,658	—	1,658	—	1,658
	<u>1,658</u>	<u>1,658</u>	<u>—</u>	<u>1,658</u>	<u>—</u>	<u>1,658</u>
	<u>1,658</u>	<u>1,658</u>	<u>—</u>	<u>1,658</u>	<u>—</u>	<u>1,658</u>
	<u>1,658</u>	<u>1,658</u>	<u>—</u>	<u>1,658</u>	<u>—</u>	<u>1,658</u>

### Measurement of fair values

The following tables show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

#### *Financial instruments measured at fair value*

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Interest rate swaps	<i>Market comparison technique:</i> The fair values are based on marked-to-market (MTM) quotes from the issuing bank institutions. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

### 11. List of subsidiaries

Included in the consolidated financial statements are the following subsidiaries:

Name	Location	Share in issued capital %
S.I.F. Beleggingen B.V.	Roermond	100
S.I.F. Group B.V.	Roermond	100

### 12. Off-balance sheet commitments

#### Purchase commitments for property, plant and equipment

At 30 September 2015, the Group had commitments of EUR 2.1 million relating to the purchase of property, plant and equipment items.

#### Lease commitments

The Group entered into a lease agreement with Havenbedrijf Rotterdam N.V. for the lease of a specific area (Terrein A) in the Rotterdam harbour. The lease has started at 1 September 2015 and will end on 1 July 2031, with annual committed lease payments of EUR 0.8 million during the initial building phase escalating up to EUR 3.5 million after five years when the plots and buildings are fully in use.

#### Tax entity

The Company constitutes a fiscal unity with its shareholder and its subsidiaries for corporate income tax purposes and VAT. The fiscal unity is headed by the shareholder. The standard conditions prescribe that all companies of the fiscal unity are liable for the corporate income tax payable and VAT.

## Guarantee facilities

At period end the Group had the following guarantee facilities:

Name	Type	30-Sep-15 Total facility EUR 1,000	30-Sep-15 Used EUR 1,000	31-Dec-14 Total facility EUR 1,000	31-Dec-14 Used EUR 1,000
Euler Hermes Interborg N.V. / Ace group	General	70,000	24,182	0	0
Euler Hermes Interborg N.V.	General	15,000	4,603	15,000	6,655
Nationale Borg Maatschappij	General	10,000	0	10,000	93
Coöperatieve Centrale Raiffeisen Boerenleenbank B.A.	General	7,500	2,417	7,500	2,417
ING Bank N.V.	General	7,500	640	7,500	640
Nationale Borg Maatschappij	Project	6,788	6,788	6,788	6,788
Coöperatieve Centrale Raiffeisen Boerenleenbank B.A.	Project	44,766	29,615	37,453	29,615
ING Bank N.V.	Project	22,040	22,040	29,878	22,040
Total		<b>183,594</b>	<b>90,285</b>	114,119	68,248

The Group and its shareholder are jointly and severally liable for all amounts to which Euler Hermes Interborg, Nationale Borg Maatschappij, Cooperatieve Centrale Raiffeisen Boerenleenbank and ING Bank N.V. have a right to claim in relation to the above mentioned guarantees.

## 13. Related parties

During the nine months ended September 30, 2015 the shareholder charged a management fee to the Group of EUR 572 (2014: EUR 437). At September 30, 2015 a receivable on the shareholder of EUR 922 (2014: 25,117) is included in the group financial statements.

Income tax charges for the year are settled by the shareholder as head of the fiscal unity. The variable component of the interest expenses are paid by the shareholder, whereby the Group reimburses the shareholder for these payments. During the nine months ended September 30, 2015 the payments to the shareholder related to income taxes amount to EUR 7,747 (2014: EUR 6,715) and related to interest amount to EUR 606 (2014: EUR 909). These amounts are included in the cash flow from operating activities.

During the year, the Group transfers funds to the shareholder, which are recorded as current account with the shareholder in the statement of financial position under trade and other receivables. The funds transferred amounted to EUR 921 (2014: EUR 25,116) as reflected in the cash flow from investing activities. Dividends declared are settled against the receivable balance.

## 14. Distributions made and proposed

The following dividends were declared by the Company and settled with the shareholder during the nine month ended:

	30-Sep-15 EUR 1,000	30-Sep-14 EUR 1,000
EUR 72 per qualifying ordinary share (2014: EUR 41)	<b>32,654</b>	<b>18,466</b>

No dividends were proposed regarding the period.

**15. Events after the reporting period**

No events after the reporting period that would require adjustment or disclosure in the interim condensed consolidated financial statements have occurred.

Roermond, 20 November 2015

The Board of Directors:

J.B.J. Bruggenhijs

B.A.P. Nijdam



To: shareholders of S.I.F. Beheer B.V.

## **Review report**

### *Introduction*

We have reviewed the accompanying (condensed) consolidated interim financial information of S.I.F. Beheer B.V., Roermond, which comprises the statement of financial position as at 30 September 2015, the statements of comprehensive income, changes in equity, and cash flows for the 9-month period then ended 30 September 2015, and the notes, comprising a summary of the significant accounting policies and other explanatory information.

### *Management's responsibility*

Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope*

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying (condensed) consolidated interim financial information for the 9-month period ended 30 September 2015 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Eindhoven, 20 November 2015

Ernst & Young Accountants LLP

M. Moolenaar

**S.I.F. Beheer B.V.**

Annual report 2014

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**Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December**

		2014		2013	
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
<b>Total revenue</b>	6		<b>262,523</b>		336,267
Raw materials		99,096		128,497	
Subcontracted work & other external charges		<b>61,594</b>		104,813	
Logistic & other project related expenses		<b>18,239</b>		17,658	
Direct personnel expenses		<b>19,835</b>		26,017	
Production & general manufacturing expenses		<b>6,972</b>		7,592	
Indirect personnel expenses		<b>6,541</b>		4,123	
Depreciation & impairment		<b>7,391</b>		7,067	
Facilities, housing & maintenance		<b>1,820</b>		1,746	
Selling expenses	11	<b>403</b>		494	
General expenses	12	<b>2,106</b>		1,791	
Other income / expenses		<b>176</b>		(414)	
<b>Operating profit</b>			<b>38,350</b>		36,883
Finance income		<b>90</b>		37	
Finance costs		<b>(1,888)</b>		(1,407)	
<b>Net finance costs</b>	7		<b>(1,798)</b>		(1,370)
<b>Profit before tax</b>	6		<b>36,552</b>		35,513
Income tax expense	13		<b>8,557</b>		8,917
<b>Profit attributable to the shareholder</b>			<b>27,995</b>		26,596
Other comprehensive income			—		—
<b>Total comprehensive income</b>			<b>27,995</b>		26,596
<b>Earnings per share (EUR 1,000)</b>					
Basic earnings per share	8		<b>62</b>		59
Diluted earnings per share	8		<b>62</b>		59

# Consolidated statement of financial position as at 31 December 2014

		31 December 2014 EUR 1,000	31 December 2013 EUR 1,000
<b>Assets</b>			
Property, plant and equipment	17	44,198	43,569
Investment property	18	375	465
<b>Total non-current assets</b>		<b>44,573</b>	<b>44,034</b>
Inventories	14	288	212
Work in progress – amounts due from customers	23	17,829	32,964
Trade and other receivables	15	6,762	18,572
Receivable on shareholder	15	32,654	18,466
Prepayments		106	709
Cash and cash equivalents	16	24,993	35,959
<b>Total current assets</b>		<b>82,632</b>	<b>106,882</b>
<b>Total assets</b>		<b>127,205</b>	<b>150,916</b>
<b>Equity</b>			
Share capital		45	45
Additional paid-in capital		1,059	1,059
Retained earnings		54,372	44,843
<b>Total equity</b>	34	<b>55,476</b>	<b>45,947</b>
<b>Liabilities</b>			
Loans and borrowings	21	32,427	36,244
Other non-current financial liabilities	24	1,509	1,776
Employee benefits	9	230	215
Deferred tax liabilities	13	1,146	1,576
<b>Total non-current liabilities</b>		<b>35,312</b>	<b>39,811</b>
Bank overdrafts	16	—	13
Loans and borrowings	21	4,000	5,000
Trade payables	22	18,526	54,195
Work-in progress – amounts due to customers	23	11,141	3,993
Employee benefits	9	916	1,194
Wage tax & social security		1,358	414
Other current liabilities		476	349
<b>Total current liabilities</b>		<b>36,417</b>	<b>65,158</b>
<b>Total liabilities</b>		<b>71,729</b>	<b>104,969</b>
<b>Total equity and liabilities</b>		<b>127,205</b>	<b>150,916</b>

Consolidated statement of changes in equity for the year ended 31 December 2014

		Share capital EUR 1,000	Additional paid-in capital EUR 1,000	Retained earnings EUR 1,000	Total equity EUR 1,000
Balance as at 31 December 2013		<u>45</u>	<u>1,059</u>	<u>44,843</u>	<u>45,947</u>
<b>Total comprehensive income</b>					
Profit attributable to the shareholder		—	—	27,995	27,995
Total comprehensive income		<u>—</u>	<u>—</u>	<u>27,995</u>	<u>27,995</u>
<b>Transactions with owners of the Company</b>					
Dividends	19	—	—	(18,466)	(18,466)
Total transactions with owners of the Company		<u>—</u>	<u>—</u>	<u>(18,466)</u>	<u>(18,466)</u>
Balance as at 31 December 2014		<u>45</u>	<u>1,059</u>	<u>54,372</u>	<u>55,476</u>
Balance as at 31 December 2012		<u>45</u>	<u>362</u>	<u>41,667</u>	<u>42,074</u>
<b>Total comprehensive income</b>					
Profit attributable to the shareholder		—	—	26,596	26,596
Total comprehensive income		<u>—</u>	<u>—</u>	<u>26,596</u>	<u>26,596</u>
<b>Transactions with owners of the Company</b>					
Additional capital contribution	19	—	697	—	697
Dividends	19	—	—	(23,420)	(23,420)
Total transactions with owners of the Company		<u>—</u>	<u>697</u>	<u>(23,420)</u>	<u>(22,723)</u>
Balance as at 31 December 2013		<u>45</u>	<u>1,059</u>	<u>44,843</u>	<u>45,947</u>



# Consolidated cash flow statement for the year ended 31 December 2014

		2014 EUR 1,000	2013 EUR 1,000
<b>Cash flows from operating activities</b>			
Profit before tax		36,552	35,513
Adjustments for:			
– Depreciation		7,315	7,067
– Net finance costs		1,798	1,370
– Impairment loss on investment property		76	—
– Changes in net working capital:			
○ Inventories		(76)	(94)
○ Work in progress amounts due to and from customers		22,283	(9,881)
○ Trade receivables		11,033	(969)
○ Prepayments		603	1,595
○ Trade payables		(35,669)	25,836
		(1,826)	16,487
○ Other financial assets		777	(234)
○ Employee benefits		(263)	400
○ Wage tax and social security		944	(494)
○ Other current liabilities		127	33
		1,585	(295)
Income taxes paid – by shareholder	28	(10,113)	(5,811)
Interest paid – by shareholder	28	(1,135)	(1,113)
Interest paid	28	(682)	(730)
<b>Net cash from operating activities</b>		<b>33,570</b>	<b>52,488</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		—	67
Purchase of property, plant and equipment		(7,930)	(2,171)
Purchase of investment property		—	(475)
Current account with shareholder	28	(31,593)	(21,937)
<b>Net cash from (used in) investing activities</b>		<b>(39,523)</b>	<b>(24,516)</b>
<b>Cash flows from financing activities</b>			
Proceeds from new borrowings		—	8,982
Repayment of borrowings		(5,000)	(3,000)
<b>Net cash from (used in) financing activities</b>		<b>(5,000)</b>	<b>5,982</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(10,953)</b>	<b>33,954</b>
Cash and cash equivalents at 1 January		35,946	1,992
<b>Cash and cash equivalents at 31 December</b>	16	<b>24,993</b>	<b>35,946</b>

## **Notes to the consolidated financial statements for the year ended 31 December 2014**

### **1. Reporting entity**

S.I.F. Beheer B.V. (the 'Company') is a company with its legal seat in the Netherlands. The Company's registered office is at Mijnheerkensweg 33, Roermond. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). Information on the structure of the Group is provided in note 25.

With reference to the income statement of the company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

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

### **2. Basis of preparation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The Group's consolidated financial statements are presented in euros (EUR), which is also the Company's functional currency. All values are rounded to the nearest thousands (EUR '000), except when otherwise indicated.

### **Management estimates and judgements**

In preparing these financial statements use has been made of 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.

### ***Work in progress***

Revenues and costs in relation to work in progress are recognised in the statement of profit or loss in proportion to the stage of completion of each project. The stage of completion is assessed based on the actual hours incurred compared with the estimated hours needed to complete the full project. In addition, management estimates at each reporting date the total expected costs to be incurred for each individual project.

### ***Leases***

The Group rents warehouse/factory facilities and an apartment in order to carry out its activities. It is the Group's opinion that it does not possess the principal risks and benefits associated with ownership of the assets. As such, these rental contracts are accounted for as operating leases.

### ***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.

### ***Impairment***

The Group assesses whether there is any indication as at the reporting date assets have been impaired. If any such indication is detected, or if an asset is required to undergo its annual impairment testing, the Group estimates the recoverable amount of the asset. In determining the recoverable amount of the asset estimates shall be made, including for example estimates of future cash flows and discount rates.

### **3. Significant accounting policies**

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

## **(a) Basis of consolidation**

### ***Subsidiaries***

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

### ***Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## **(b) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements has pricing latitude and is also exposed to inventory and credit risk.

### ***Work in progress***

Contract revenues and costs are recognised in the statement of profit or loss in proportion to the stage of completion of the project. The stage of completion is assessed by reference to the proportion of hours spent in relation to the total projected hours up until completion for the project. Contract revenues include the contractually agreed amount plus any additional agreed additional work. If contract results cannot be determined reliably, contract revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

The valuation of work in progress takes into account the expenses of raw materials, subcontracted work, as well as direct personnel and overhead expenses that are attributable to contract activity. Contract costs are recognised as incurred unless they create an asset related to future contract work. Expected project losses are recognised immediately in the statement of profit or loss.

## **(c) Finance income and finance costs**

The Group's finance income and finance costs include:

- interest income;
- interest expense; and
- the foreign currency gain or loss on financial assets and financial liabilities;

Interest income or expense is recognised using the effective interest method.

## **(d) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. The non-monetary assets on historical costs, these items are translated, but at historical rates, the rate at date of the transaction.

## **(e) Employee benefits**

### ***Short-term employee benefits***

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Wage tax deductions receivable (WBSO) are recognised in profit or loss over the periods in which the Group recognises the related costs which the grants are intended to compensate.

### ***Post-employment benefit plan***

The Group has a defined benefit scheme for which premiums are payable to an industry pension fund (Bedrijfstakpensioenfondsen) that is separately managed: the Pensioenfondsen Metaal en Techniek (PMT). This pension scheme is administered together with those of other legal entities. The pension obligation is based on the duration of the participation in the plan and their salary levels. The related obligations are covered by the periodical premiums to the industry pension fund. The associated businesses are not obliged to compensate any deficits in the pension funds, nor are they entitled to any surpluses. Furthermore, the structure of the administration does not allow for providing the required information to the Group for accounting for the pension scheme as a defined benefit scheme in accordance with IAS 19. As such, this pension scheme has been accounted for as a defined contribution scheme in the financial statements.

The pension fund coverage ratio of the PMT industry fund at 31 December 2014 amounted to 102.8% (2013: 103.8%). The 2014 premium has remained at a level similar to the 2013 premiums. The Group's participation in the industry pension fund is approximately 0.05% (2013: 0.05%) based on number of active participants in the plan.

Obligations for contributions to the industry pension fund are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### ***Other long-term employee benefits***

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

## **(f) Income tax**

Income tax expense comprises current and deferred tax. Income taxes are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### ***Current tax***

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

### ***Deferred tax***

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible unused tax losses, tax credits and unused deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **(g) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **(h) Work in progress**

##### ***Amounts due from customers***

Amounts due from customers represent the gross amount expected to be collected from customers for contract work performed to date. It is measured at costs incurred plus profits recognised to date less progress billings and recognised losses.

In the statement of financial position, work in progress for which costs incurred plus recognised profits exceed progress billings and recognised losses are presented as amounts due from customers.

##### ***Amounts due to customers***

Contracts for which progress billings, advances received from customers and recognised losses exceed costs incurred plus recognised profits are presented as amounts due to customers.

#### **(i) Property, plant and equipment**

##### ***Recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other borrowing costs are expensed in the period in which they occur. All other repair and maintenance costs are recognised in profit or loss as incurred.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### ***Subsequent expenditure***

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

##### ***Depreciation***

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Buildings: 6 – 20 years.
- Plant and equipment: 5 – 10 years.
- Other fixed assets: 5 – 10 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### **(j) Investment property**

Investment property is initially measured at cost. After initial recognition, the cost model is applied and all of the Group's investment properties, other than those that meet the criteria to be classified as held for sale, are measured in accordance with the principles applied to property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

#### **(k) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

#### **(l) Financial instruments**

##### ***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

##### ***Subsequent measurement***

###### ***Derivative financial instruments***

The Group may use interest rate swaps and foreign currency contracts to hedge its interest-rate and foreign currency risk exposures arising from project and financing activities. In accordance with its treasury policy, the Group does not hold derivatives for trading purposes. Interest-rate swaps and foreign currency contracts are measured at fair value.

The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward currency contracts is determined using the forward foreign exchange rates as at the closing date.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).



- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

#### *Non-derivative financial instruments*

Non-derivative financial instruments consist of trade and other receivables, cash and cash equivalents, loans and borrowings, and trade payables. These instruments are recognised initially at fair value, plus all directly attributable transaction costs. Thereafter, the non-derivative financial instruments are measured at amortised cost, using the effective interest method, less impairment losses.

#### ***Derecognition and offsetting***

The Group derecognises financial assets if the contractual rights to the cash flows arising from those financial assets expire, or if the Group transfers the financial asset to another party without retaining control or without substantially retaining all the risks and rewards of the asset. Any interest retained in such derecognised financial asset is recognised as a separate asset or liability by the Group. Financial liabilities are derecognised if the Group's commitments specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **(m) Impairment**

Each reporting date, the Group assesses whether there is any indication that the Group's assets, excluding work in progress, inventories and deferred tax assets have been impaired. If there are such indications, an estimate is made of the recoverable amount of the asset concerned. An impairment is only recognized when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Any impairments are recognized in the statement of profit or loss under depreciation and impairment expenses.

The recoverable amount of an asset is the higher of the value in use and the fair value of that asset or cash-generating unit minus cost to sell. The recoverable amount is calculated for each asset individually, unless that asset does not generate any cash flows that are largely independent from those of other assets or groups of assets. The calculation of the value in use is based on a discount of the estimated future cash flows, using a discount rate that reflects the current market assessments of the time value of money and the specific risks associated with the asset. For the calculation of fair value minus cost to sell use is made of an appropriate valuation model.

A previously recognized impairment loss is only reversed if the assumptions used to determine the asset's recoverable amount have changed since the most recent impairment loss. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

#### **(n) Share capital**

##### *Cash dividend and non-cash distribution to the shareholder*

The Company recognises a liability to make cash or non-cash distributions to the shareholder when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in the Netherlands, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

#### **(o) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### **Group as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

#### **Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### **4. New standards and interpretations not yet adopted**

The following standards issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group is investigating what the impact these new standards will have on the financial statements and intends to adopt these standards, if applicable, when they become effective.

- IFRS 15 Revenue from Contracts with Customers, in effect per 1 January 2018
- IFRS 9 Financial Instruments, in effect per 1 January 2018
- Amendments to IAS 1 Presentation of financial statements, in effect per 1 January 2016
- Annual improvements 2010-2012 Cycle, in effect per 1 February 2015
- Annual improvements 2011-2013 Cycle, in effect per 1 January 2015
- Annual improvements 2012-2014 Cycle, in effect per 1 January 2015

The following standards issued, but not yet effective, up to the date of issuance of the Group's financial statements will not have an impact on the Group's financial statements:

- IFRS 14 Regulatory Deferral Accounts, in effect per 1 January 2016
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets, in effect per 1 January 2016
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests, in effect per 1 January 2016
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants, in effect per 1 January 2016
- Amendments to IAS 27: Equity Method in Separate Financial Statements, in effect per 1 January 2016
- Amendments to IFRS 10, IFRS 12 and IAS 28, in effect per 1 January 2016
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions, in effect per 1 January 2015

## 5. Early adoption

The Group chose to adopt the following standards, which are issued but not yet effective, in its consolidated financial statements.

### *IFRS 8 Operating Segments*

The amendments are applied retrospectively and clarify that:

An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The impact of this early adoption is that the Group is not required to disclose the segment assets as these are not reported to the chief operating decision maker.

## 6. Operating segments

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

- Wind, which produces and delivers monopiles and transition pieces for windmill foundations;
- Oil & Gas, which produces and delivers piles, pile sleeves, pinpiles etcetera for application in the oil and gas sector.

These divisions offer different products and services, and are managed separately because they require different technology and target different markets. The Group's CEO reviews internal management reports of each division at least quarterly.

The offshore and new offshore operating segments have been aggregated to form the Oil & Gas reportable segment. Both segments have similar products and services as well as the same nature of the production process. In addition, both segments have similar gross margins.

Other operating segments include related activities. None of these segments meets the quantitative thresholds for determining reportable segments in 2014 or 2013.

Information related to each reportable segment is set out below. Finance income, finance costs, indirect personnel expenses, depreciation & impairment, facilities, housing & maintenance, selling expenses, general expenses and tax expenses are not allocated to individual segments as these are managed on an overall group basis. Gross profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries. Total assets, which are located in the Netherlands, are not allocated to individual segments as these are managed on an overall group basis.

### Information about reportable segments

	Wind 2014 EUR 1,000	Oil & Gas 2014 EUR 1,000	Other 2014 EUR 1,000	Total 2014 EUR 1,000	Wind 2013 EUR 1,000	Oil & Gas 2013 EUR 1,000	Other 2013 EUR 1,000	Total 2013 EUR 1,000
Revenue	213,334	48,338	851	262,523	267,863	67,311	1,093	336,267
Segment contribution	58,436	24,752	406	83,594	48,344	36,069	886	85,299
Gross profit	40,492	16,135	161	56,788	29,417	21,475	798	51,690
Indirect personnel expenses				(6,541)				(4,123)
Depreciation & impairment				(7,391)				(7,067)
Facilities, housing & maintenance				(1,820)				(1,746)
Selling expenses				(403)				(494)
General expenses				(2,106)				(1,791)
Other (income) / expenses				(176)				414
Net finance costs				(1,798)				(1,370)
<b>Total profit before tax</b>				<b>36,552</b>				<b>35,513</b>

## Geographical information

The Oil and Gas and Wind segments are managed on a worldwide basis, but operate manufacturing facilities and sales offices solely in the Netherlands.

The geographic information below analyses the Group's revenue by the Company's country of domicile and other countries. In presenting the following information, segment revenue has been based on the geographical location of customers.

	<b>Revenue</b>	
	<b>2014</b>	2013
	<b>EUR 1,000</b>	EUR 1,000
The Netherlands	<b>163,286</b>	14,678
All foreign countries:		
European Community (EC)	<b>94,635</b>	306,341
Europe outside EC	<b>4,602</b>	15,211
Outside Europe	—	37
<b>Total revenues</b>	<b>262,523</b>	336,267

## Major customers

Revenues from three customers of the Group's Wind segment represent approximately EUR 202 million (2013: three customers EUR 232 million) of the Group's total revenues. In 2014 the largest customer represents a revenue of approximately EUR 135 million, the second customer approximately EUR 38 million and the third customer approximately EUR 29 million. In 2013 the largest customer represents a revenue of approximately EUR 127 million, the second customer approximately EUR 60 million and the third customer approximately EUR 45 million.

## 7. Net finance costs

	<b>2014</b>	2013
	<b>EUR 1,000</b>	EUR 1,000
Interest on bank balances and on current account	<b>89</b>	26
Other	<b>1</b>	11
<b>Finance income</b>	<b>90</b>	37
Interest on loans and borrowings	<b>(1,999)</b>	(1,997)
Fair value change of interest rate swaps	<b>267</b>	682
Costs of bank guarantees	<b>(112)</b>	(43)
Other	<b>(44)</b>	(49)
<b>Finance costs</b>	<b>(1,888)</b>	(1,407)
<b>Net finance costs recognised in profit or loss</b>	<b>(1,798)</b>	(1,370)

## 8. Earnings per share

### Basic earnings per share

The calculation of basic earnings per share has been based on the ordinary shareholders and weighted-average number of ordinary shares outstanding.

### Weighted-average number of ordinary shares

	<b>2014</b>	2013
Issued ordinary shares at 1 January	454	454
Weighted average number of ordinary shares at 31 December	454	454

## 9. Employee benefits

	2014 EUR 1,000	2013 EUR 1,000
Jubilee provision	230	215
Accrual for bonuses	417	352
Accrual for employee vacation days outstanding	258	305
Personnel expenses payable	241	537
Total employee benefits liabilities	1,146	1,409
Non-current	230	215
Current	916	1,194
	<b>1,146</b>	<b>1,409</b>

## 10. Employee benefit expenses

	2014 EUR 1,000	2013 EUR 1,000
Wages and salaries	9,607	9,887
Hired staff and temporary workers	11,432	15,542
Compensation/grants received	(25)	(17)
Social security contributions	1,631	1,447
Pension expense	1,449	1,411
Other employee benefit expenses	1,517	1,262
	<b>25,611</b>	<b>29,532</b>

## Number of employees

The average number of employees employed by the Group in 2014 amounts to 195 FTE (2013: 188 FTE). The table below provides an overview of the average number of FTE split per functional area.

	2014 FTE	2013 FTE
Production and distribution	148	144
Management	2	2
Purchasing	3	3
Sales	7	7
Administrative	6	6
Other	29	26
	<b>195</b>	<b>188</b>

## Pension expense

Obligations for contributions to the industry pension fund are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The expected contributions to the plan for the next annual reporting period are in line with the actual expense of the current financial year.

## 11. Selling expenses

	2014 EUR 1,000	2013 EUR 1,000
Travel and representation	198	191
Promotional and advertising costs	118	222
Other	87	81
	<u>403</u>	<u>494</u>

## 12. General expenses

	2014 EUR 1,000	2013 EUR 1,000
Consultancy fees	724	475
Insurances	556	527
Software	472	374
Office	213	249
Other	141	166
	<u>2,106</u>	<u>1,791</u>

## 13. Income tax expense

### Income tax recognised in profit or loss

	2014 EUR 1,000	2013 EUR 1,000
<b>Current income tax expense</b>		
Current year income tax charge	9,133	9,226
	<u>9,133</u>	<u>9,226</u>
Origination and reversal of temporary differences	(430)	(309)
Prior year adjustment	(146)	—
	<u>8,557</u>	<u>8,917</u>

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

### Reconciliation of effective tax rate

	2014 %	2013 %
Tax using the Company's domestic tax rate	25.0	25.0
Reduction in tax rates due to tax incentives	(1.3)	—
Prior year tax adjustment	(0.4)	—
Non tax deductible expenses	0.1	0.1
	<u>23.4</u>	<u>25.1</u>



## Movement in deferred tax balances

<b>2014</b>	<b>Net balance at 1 January EUR 1,000</b>	<b>Recognised in profit or loss EUR 1,000</b>	<b>Net balance at 31 December EUR 1,000</b>	<b>Deferred tax assets EUR 1,000</b>	<b>Deferred tax liabilities EUR 1,000</b>
Property, plant and equipment	(2,020)	478	(1,542)	—	(1,542)
Derivatives	444	(67)	377	377	—
Investment property	—	19	19	19	—
Tax assets (liabilities) before set-off	(1,576)	430	(1,146)	396	(1,542)
Set off of tax				(396)	396
Net tax assets (liabilities)				—	(1,146)
<b>2013</b>	<b>Net balance at 1 January EUR 1,000</b>	<b>Recognised in profit or loss EUR 1,000</b>	<b>Net balance at 31 December EUR 1,000</b>	<b>Deferred tax assets EUR 1,000</b>	<b>Deferred tax liabilities EUR 1,000</b>
Property, plant and equipment	(2,500)	480	(2,020)	—	(2,020)
Derivatives	615	(171)	444	444	—
Tax assets (liabilities) before set-off	(1,885)	309	(1,576)	444	(2,020)
Set off of tax				(444)	444
Net tax assets (liabilities)				—	(1,576)

## Unrecognised deferred tax assets and liabilities

At 31 December 2014 and 31 December 2013, the Group has reported all deferred tax assets and liabilities applicable to the Group.

## 14. Inventories

	<b>2014 EUR 1,000</b>	<b>2013 EUR 1,000</b>
Raw materials and consumables	288	212
	<b>288</b>	<b>212</b>

During 2014 and 2013 no inventories were written down to net realisable value and no provision had been recognised.

## 15. Trade and other receivables

	<b>2014 EUR 1,000</b>	<b>2013 EUR 1,000</b>
Trade receivables	6,492	17,525
Receivables from shareholder	32,654	18,466
Other financial assets	270	1,047
	<b>39,416</b>	<b>37,038</b>

All trade and other receivables mature within 12 months. Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. At 31 December 2014 no trade receivables were impaired or provided for (2013: EUR 0). As at 31 December, the ageing analysis of trade receivables is as follows:

	<b>Total</b>	<b>Not past due</b>	<b>&lt; 30 days past due</b>	<b>30 – 60 days past due</b>	<b>61 – 90 days past due</b>	<b>91 – 120 days past due</b>	<b>&gt; 120 days past due</b>
	<b>EUR 1,000</b>	<b>EUR 1,000</b>	<b>EUR 1,000</b>	<b>EUR 1,000</b>	<b>EUR 1,000</b>	<b>EUR 1,000</b>	<b>EUR 1,000</b>
<b>2014</b>	<b>6,492</b>	<b>5,773</b>	<b>268</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>451</b>
<b>2013</b>	<b>17,525</b>	<b>11,192</b>	<b>6,180</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>153</b>

#### **Credit and market risks, and impairment losses**

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables, excluding construction contracts in progress, is included in note 24.

#### **16. Cash and cash equivalents**

	<b>2014</b>	<b>2013</b>
	<b>EUR 1,000</b>	<b>EUR 1,000</b>
Cash	<b>13</b>	<b>12</b>
Bank balances	<b>24,980</b>	<b>35,947</b>
Cash and cash equivalents in the statement of financial position	<b>24,993</b>	<b>35,959</b>
Bank overdrafts used for cash management purposes	<b>—</b>	<b>(13)</b>
Cash and cash equivalents in the statement of cash flows	<b>24,993</b>	<b>35,946</b>

## 17. Property, plant and equipment

### Reconciliation of the carrying amount

	Land and buildings EUR 1,000	Plant and equipment EUR 1,000	Other fixed assets EUR 1,000	Total EUR 1,000
<b>Cost</b>				
Balance at 1 January 2013	53,250	36,798	1,202	91,250
Additions	501	1,517	153	2,171
Disposals	—	(958)	(201)	(1,159)
Balance at 31 December 2013	53,751	37,357	1,154	92,262
Balance at 1 January 2014	53,751	37,357	1,154	92,262
Additions	4,549	3,271	110	7,930
Disposals	—	—	—	—
Balance at 31 December 2014	58,300	40,628	1,264	100,192
<b>Accumulated depreciation</b>				
Balance at 1 January 2013	(25,438)	(16,514)	(776)	(42,728)
Depreciation	(1,700)	(5,200)	(157)	(7,057)
Disposals	—	891	201	1,092
Balance at 31 December 2013	(27,138)	(20,823)	(732)	(48,693)
Balance at 1 January 2014	(27,138)	(20,823)	(732)	(48,693)
Depreciation	(1,882)	(5,303)	(116)	(7,301)
Disposals	—	—	—	—
Balance at 31 December 2014	(29,020)	(26,126)	(848)	(55,994)
<b>Carrying amounts</b>				
At 31 December 2013	26,613	16,534	422	43,569
At 31 December 2014	29,280	14,502	416	44,198

### Security

At 31 December 2014 and 2013 all property, plant and equipment is collateralized as part of the loan agreements in place (see note 21).

## 18. Investment property

### Reconciliation of the carrying amount

	2014 EUR 1,000	2013 EUR 1,000
Balance at 1 January	465	—
Additions	—	475
Depreciation	(14)	(10)
Impairment loss	(76)	—
Balance at 31 December	375	465

Investment property comprises a commercial property that is leased to a third party. The lease contains an initial non-cancellable period till July 2016, with annual rents indexed to consumer prices. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. Further information about this lease is included in note 26.

Fair value as of 31 December 2014 is estimated at EUR 375 (2013: EUR 475 based on acquisition price). In 2014, the fair value of the investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value measurement has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

As the fair value is lower than the book value, an impairment loss is recognised in 2014 to the extent the fair value exceeds the carrying value, which is included in the depreciation & impairment line in the statement of profit and loss and other comprehensive income.

## 19. Capital and reserves

### Share capital

	<b>Ordinary shares</b>	
	<b>2014</b>	<b>2013</b>
Ordinary shares issued at 1 January – fully paid at par value EUR 100	<b>454</b>	454
Ordinary shares issue at 31 December – fully paid at par value EUR 100	<b>454</b>	454

All ordinary shares rank equally with regard to the Company's residual assets.

### Additional paid-in capital

The additional paid-in capital results from contributions in kind by the shareholder in relation to the issuance of loans as the transaction costs related to the issuance of additional funding were not passed on by the shareholder.

### Dividends

The following dividends were declared and settled by the Company during the year:

	<b>2014</b>	<b>2013</b>
Number of ordinary shares dividend eligible	<b>454</b>	454
Rounded dividend per ordinary share – EUR 1,000	<b>41</b>	52
Dividends declared and settled during the year – EUR 1,000	<b>18,466</b>	23,420

After the respective reporting date, the following dividends were proposed by the board of directors. The dividends have not been recognised as liabilities and there are no tax consequences.

	<b>2014</b>	<b>2013</b>
Number of ordinary shares dividend eligible	<b>454</b>	454
Rounded dividend per ordinary share – EUR 1,000	<b>72</b>	41
Dividends proposed regarding the year – EUR 1,000	<b>32,654</b>	18,466

## 20. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders as well as to maintain an optimal capital structure to continue to be able to qualify for large commercial tenders while optimizing the overall cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group aims for a financing structure that ensures continuing operations and minimises cost of equity. For this, flexibility and access to the financial markets are important conditions. The Group monitors its financing structure using a solvency ratio. Solvency is calculated as total equity and any subordinated loan divided by total assets. At year-end 2014, the solvency ratio was 43.6% (2013: 30.4%).

In addition, the loan covenants are closely monitored to ensure that these remain within agreed thresholds. The current loan covenants include the Gross Debt/EBITDA and Fixed Charge Coverage Ratio for which reference is made to note 21.

## 21. Loans and borrowings

The company has the following secured bank loans:

	2014 EUR 1,000	2013 EUR 1,000
Non-current portion – secured bank loans	32,427	36,244
Current portion – secured bank loans	4,000	5,000
	<b>36,427</b>	<b>41,244</b>

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in note 24.

## Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate %	Year of maturity	Fair value 31 December 2014 EUR 1,000	Carrying amount 31 December 2014 EUR 1,000	Fair value 31 December 2013 EUR 1,000	Carrying amount 31 December 2013 EUR 1,000
Secured bank loan	EUR	Euribor + supplement	2017	11,839	11,839	16,719	16,719
Secured bank loan	EUR	Euribor + supplement	2019	24,588	24,588	24,525	24,525
Total interest-bearing loans and borrowings				<b>36,427</b>	<b>36,427</b>	<b>41,244</b>	<b>41,244</b>

The supplement to the Euribor interest rate depends on the Gross Debt to EBITDA ratio as defined in the loan agreement and ranges between 200 and 300bps.

The secured bank loans are collateralized by the following items:

- Current assets (inventory and construction contracts net position)
- Trade receivables
- Intercompany receivables
- Credit balances
- Receivables from hedging activities
- Receivables from insurance contracts
- Shares in S.I.F. Beheer B.V. by S.I.F. Holding II B.V. and shares in S.I.F. Group B.V. and S.I.F. Beleggingen B.V. by S.I.F. Beheer B.V.
- Non-current assets

## Loan covenants

The Group has two secured bank loans with a total carrying amount of EUR 36,427 at 31 December 2014 (2013: EUR 41,244). The first loan of EUR 11,839 (2013: EUR 16,719) is repayable in tranches over the next 3 years. The second loan of EUR 24,588 (2013: EUR 24,525) has to be repaid in full mid May 2019. The interest is based on EURIBOR plus a supplement that depends on the Gross debt/EBITDA ratio per quarter. The following financial ratios have to be met:

- Fixed Charge Cover Ratio >1.0;
- Gross debt/EBITDA ratio per quarter;
- Maximum CAPEX of EUR 5,000 per financial year.

## 22. Trade payables

	2014 EUR 1,000	2013 EUR 1,000
Trade payables	<u>18,526</u>	<u>54,195</u>

All trade payables mature within 12 months. Information about the Group's exposure to currency and liquidity risk is included in note 24.

## 23. Work in progress

	2014 EUR 1,000	2013 EUR 1,000
Work in progress – amounts due from customers (current assets)	17,829	32,964
Work in progress – amounts due to customers (current liabilities)	<u>(11,141)</u>	<u>(3,993)</u>
	<u>6,688</u>	<u>28,971</u>
Expenses incurred including realized profit to date	347,796	315,860
Invoiced terms	<u>(341,108)</u>	<u>(286,889)</u>
	<u>6,688</u>	<u>28,971</u>

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. Due to the application of estimates, fluctuations can occur over the contract terms.

The amounts due from customers concern all projects in progress for which expenses incurred plus recorded profit minus project losses 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.



## 24. Financial instruments

### Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for loans and borrowings as included in note 21 and for other financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2014	Carrying amount EUR 1,000	Fair value			
		Level 1	Level 2	Level 3	Total
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Financial liabilities measured at fair value					
Interest rate swaps used for hedging	1,509	—	1,509	—	1,509
	1,509	—	1,509	—	1,509
31 December 2013	Carrying amount EUR 1,000	Fair value			
		Level 1	Level 2	Level 3	Total
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Financial liabilities measured at fair value					
Interest rate swaps used for hedging	1,776	—	1,776	—	1,776
	1,776	—	1,776	—	1,776

### Measurement of fair values

#### Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

#### Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Interest rate swaps	<i>Market comparison technique:</i> The fair values are based on marked-to-market (MTM) quotes from the issuing bank institutions. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

### Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk.

### ***Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables on customers.

The carrying amount of financial assets represents the maximum credit exposure.

#### ***Trade and other receivables***

The Group's exposure to credit risk is mainly influenced by the individual customer characteristics. In addition, management considers general factors that may influence the credit risk of its customer base, including the default risk of the industry and the countries in which customers operate.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

#### ***Cash and cash equivalents***

The Group held cash and cash equivalents of EUR 24,992 at 31 December 2014 (2013: EUR 35,959). The cash and cash equivalents are held with bank and financial institution counterparties, which are at least rated A- based on rating agency ratings.

### ***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under the normal course of business, and within the covenants as agreed with the banks and financial institutions.

The Group aims to maintain the minimal level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

#### ***Exposure to liquidity risk***

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments based on current estimates of applicable interest rates, which might be different from actual rates at that time:

**31 December 2014**

	Carrying amount EUR 1,000	Contractual cash flows					More than 5 years EUR 1,000
		Total EUR 1,000	3 months or less EUR 1,000	3 – 12 months EUR 1,000	1 – 2 years EUR 1,000	2 – 5 years EUR 1,000	
<b>Non-derivative financial liabilities</b>							
Secured bank loans	36,427	(42,720)	—	(5,542)	(5,355)	(31,823)	—
Trade payables	18,526	(18,526)	(18,523)	(3)	—	—	—
	54,953	(61,246)	(18,523)	(5,545)	(5,355)	(31,823)	—

	Carrying amount EUR 1,000	Total EUR 1,000	3 months or less EUR 1,000	3 – 12 months EUR 1,000	1 – 2 years EUR 1,000	2 – 5 years EUR 1,000	More than 5 years EUR 1,000
<b>Non-derivative financial liabilities</b>							
Bank overdraft	13	(13)	(13)	—	—	—	—
Secured bank loans	41,244	(49,391)	—	(6,816)	(5,503)	(11,598)	(25,474)
Trade payables	54,195	(54,195)	(54,195)	—	—	—	—
	<u>95,452</u>	<u>(103,599)</u>	<u>(54,208)</u>	<u>(6,816)</u>	<u>(5,503)</u>	<u>(11,598)</u>	<u>(25,474)</u>

As disclosed in note 21, the Group has a secured bank loan that contains loan covenants. A future breach of covenants may require the Group to repay the loan earlier than indicated in the table above. The interest payments on variable interest rate loans and bond issues in the table above reflect market forward interest rates at the reporting date. These amounts may change as market interest rates change.

#### **Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group uses derivatives to manage market risks. All such transactions are carried out within treasury policy guidelines.

#### **Currency risk**

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of Group companies is the Euro. The currency in which transactions are primarily denominated is also the Euro. The currency risk is limited since the Group almost fully conducts its sales, purchases and borrowings in its functional currency and close hedge contracts at the time of entering into contracts in foreign currencies.

#### **Interest rate risk**

The Group adopts a policy of ensuring that 66% of its interest rate risk exposure is at fixed rate. This is achieved by borrowing at a floating rate and using interest rate swaps to hedge the variability in cash flows attributable to interest rate risk. The interest rate swaps mature between 30 June 2016 and 31 December 2017.

The interest rate profile of the Group's interest-bearing financial instruments as reported to management of the Group is as follows:

	Carrying amount	
	2014 EUR 1,000	2013 EUR 1,000
<b>Variable rate instruments</b>		
Total loans and borrowings	37,000	42,000
Balance covered by interest rate swaps	24,620	27,920
Balance exposed to variable interest rates	<u>12,380</u>	<u>14,080</u>

The Group has performed a cash flow sensitivity analysis for variable rate instruments. A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	<b>Profit or loss</b>	
	<b>50 basis points increase EUR 1,000</b>	<b>50 basis points decrease EUR 1,000</b>
<b>31 December 2014</b>		
Variable-rate instruments	185	(185)
Interest rate swaps	(123)	123
Cash flow sensitivity (net)	<b>62</b>	<b>(62)</b>
<b>31 December 2013</b>		
Variable rate instruments	210	(210)
Interest rate swaps	(140)	140
Cash flow sensitivity (net)	<b>70</b>	<b>(70)</b>

## 25. List of subsidiaries

Included in the consolidated financial statements are the following subsidiaries:

<b>Name</b>	<b>Location</b>	<b>Share in issued capital %</b>
S.I.F. Beleggingen B.V.	Roermond	100
S.I.F. Group B.V.	Roermond	100

## 26. Operating leases

### Leases as lessee

The Group leases warehouse/factory facilities and an apartment under operating leases. The leases for the warehouse run for a period of two years, with an option to renew the lease after that date for two more years. The lease for the apartment runs for one year and started during 2014.

### *Future minimum rentals payable*

At 31 December, the future minimum rentals payables under non-cancellable leases were as follows.

	<b>2014 EUR 1,000</b>	<b>2013 EUR 1,000</b>
Less than 1 year	189	180
Between 1 and 5 years	60	240
More than 5 years	—	—
	<b>249</b>	<b>420</b>

*Amounts recognised in profit or loss*

	<b>2014</b> <b>EUR 1,000</b>	2013 EUR 1,000
Lease expense	<b>183</b>	180
	<b>183</b>	180

**Leases as lessor**

The Group leases out its investment property (see note 18) and a part of its warehouse (for a part of 2013 and 2014).

*Future minimum rental receivable*

At 31 December, the future minimum rental receivables under non-cancellable leases are as follows.

	<b>2014</b> <b>EUR 1,000</b>	2013 EUR 1,000
Less than 1 year	<b>13</b>	13
Between 1 and 5 years	<b>8</b>	21
More than 5 years	—	—
	<b>21</b>	34

**27. Off-balance sheet commitments**

**Commitments for the purchase of property, plant & equipment**

At 31 December 2014, the Group had commitments of EUR 298 (2013: EUR 448) relating to the purchase of property, plant and equipment items.

**Guarantee facilities**

At 31 December the Group had the following guarantee facilities:

Name	Type	<b>2014</b> <b>Total</b> <b>facility</b> <b>EUR 1,000</b>	<b>2014</b> <b>Guarantees</b> <b>provided</b> <b>EUR 1,000</b>	2013 Total facility EUR 1,000	2013 Guarantees provided EUR 1,000
Euler Hermes Interborg N.V.	General	<b>15,000</b>	<b>6,655</b>	15,000	5,228
Nationale Borg Maatschappij	General	<b>10,000</b>	<b>93</b>	10,000	2,203
Cooperatieve Centrale Raiffeisen					
Boerenleenbank B.A.	General	<b>7,500</b>	<b>2,417</b>	7,500	2,417
ING Bank N.V.	General	<b>7,500</b>	<b>640</b>	7,500	2,276
Nationale Borg Maatschappij	Project	<b>6,788</b>	<b>6,788</b>	20,659	20,659
Cooperatieve Centrale Raiffeisen					
Boerenleenbank B.A.	Project	<b>37,453</b>	<b>29,615</b>	31,058	31,058
ING Bank N.V.	Project	<b>29,878</b>	<b>22,040</b>	—	—
Total		<b>114,119</b>	<b>68,248</b>	91,717	63,841

The Group and its shareholder are jointly and severally liable for all amounts to which Euler Hermes Interborg, Nationale Borg Maatschappij, Cooperatieve Centrale Raiffeisen Boerenleenbank and ING Bank N.V. have a right to claim in relation to the above mentioned guarantees.

## 28. Related parties

### Shareholder and ultimate controlling party

The Company's shares are owned by S.I.F. Holding II B.V. The ultimate controlling party of the Group is Egeria Capital B.V.

### Transactions with the shareholder

The shareholder charged a management fee to the Group of EUR 765 (2013: EUR 607). At year-end a receivable on the shareholder of EUR 32,654 (2013: 18,466) is included in the group financial statements.

Income tax charges for the year are settled by the shareholder as head of the fiscal unity. The variable component of the interest expenses are paid by the shareholder, whereby the Group reimburses the shareholder for these payments. The payments to the shareholder related to income taxes amount to EUR 10,113 (2013: EUR 5,811) and related to interest amount to EUR 1,135 (2013: EUR 1,113). These amounts are included in the cash flow from operating activities.

During the year, the Group transfers funds to the shareholder, which are recorded as current account with the shareholder in the statement of financial position under trade and other receivables. The funds transferred amounted to EUR 31,593 (2013: EUR 21,937) as reflected in the cash flow from investing activities. Dividends declared are settled against the receivable balance. The annual shareholders' meeting declared and approved, on 17 April 2015, EUR 32,654 dividend and on 12 May 2014 EUR 18,466 dividend.

### Transactions with key management personnel

Key management personnel compensation comprised the following:

	2014 EUR 1,000	2013 EUR 1,000
Short-term employee benefits	732	528
Post-employment benefits	65	85
Management fee	765	607
	<u>1,562</u>	<u>1,220</u>

Compensation of the Group's key management personnel includes salaries and contributions to a post-employment pension plan (see note 10).

## 29. Events after the reporting period

No events after the reporting period have occurred.



**Independent auditor's report**

To: shareholders of S.I.F. Beheer B.V.

**Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements 2014 which are part of the financial statements of S.I.F. Beheer B.V., Roermond, and comprise the consolidated statements of financial position as at 31 December 2014, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

*Management's responsibility*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the consolidated Financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion with respect to the consolidated financial statements*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of S.I.F. Beheer B.V. as at 31 December 2014, its result and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Eindhoven, 21 September 2015

Ernst & Young Accountants LLP

Signed by:

M. Moolenaar

**S.I.F. Beheer B.V.**  
Annual report 2013

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**Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December**

		2013		2012	
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
<b>Total revenue</b>	7		<b>336,267</b>		163,252
Raw materials		128,497		71,055	
Subcontracted work & other external charges		104,813		15,115	
Logistic & other project related expenses		17,658		6,651	
Direct personnel expenses		26,017		23,215	
Production & general manufacturing expenses		7,592		6,619	
Indirect personnel expenses		4,123		3,710	
Depreciation		7,067		6,475	
Facilities, housing & maintenance		1,746		1,277	
Selling expenses	12	494		382	
General expenses	13	1,791		1,792	
Other income / expenses		(414)		(18)	
<b>Operating profit</b>			<b>36,883</b>		26,979
Finance income		37		220	
Finance costs		(1,407)		(2,442)	
<b>Net finance costs</b>	8		<b>(1,370)</b>		(2,222)
<b>Profit before tax</b>	7		<b>35,513</b>		24,757
Income tax expense	14		<b>8,917</b>		5,905
<b>Profit attributable to the shareholder</b>			<b>26,596</b>		18,852
Other comprehensive income			—		—
<b>Total comprehensive income</b>			<b>26,596</b>		18,852
<b>Earnings per share (EUR 1,000)</b>					
Basic earnings per share	9		<b>59</b>		42
Diluted earnings per share	9		<b>59</b>		42

**Consolidated statement of financial position as at 31 December 2013**

		<b>31 December 2013 EUR 1,000</b>	31 December 2012 EUR 1,000	1 January 2012 EUR 1,000
<b>Assets</b>				
Property, plant and equipment	18	<b>43,569</b>	48,522	44,007
Investment property	19	<b>465</b>	—	—
<b>Total non-current assets</b>		<b>44,034</b>	48,522	44,007
Inventories	15	<b>212</b>	118	250
Work in progress – amounts due from customers	24	<b>32,964</b>	22,856	6,395
Trade and other receivables	16	<b>18,572</b>	17,369	55,656
Receivable on shareholder	16	<b>18,466</b>	23,420	23,537
Prepayments		<b>709</b>	2,304	587
Cash and cash equivalents	17	<b>35,959</b>	2,058	15,896
<b>Total current assets</b>		<b>106,882</b>	68,125	102,321
<b>Total assets</b>		<b>150,916</b>	116,647	146,328
<b>Equity</b>				
Share capital		<b>45</b>	45	45
Paid-in capital		<b>1,059</b>	362	362
Retained earnings		<b>44,843</b>	41,667	59,387
<b>Total equity</b>	20	<b>45,947</b>	42,074	59,794
<b>Liabilities</b>				
Loans and borrowings	22	<b>36,244</b>	31,806	32,743
Other non-current financial liabilities	25	<b>1,776</b>	2,458	1,903
Employee benefits	10	<b>215</b>	164	156
Deferred tax liabilities	14	<b>1,576</b>	1,885	1,922
<b>Total non-current liabilities</b>		<b>39,811</b>	36,313	36,724
Bank overdrafts	17	<b>13</b>	66	—
Loans and borrowings	22	<b>5,000</b>	4,000	9,964
Trade and other payables	23	<b>54,195</b>	28,359	23,537
Work in progress – amounts due to customers	24	<b>3,993</b>	3,766	15,149
Employee benefits	10	<b>1,194</b>	845	664
Wage tax & social security		<b>414</b>	908	347
Other current		<b>349</b>	316	149
<b>Total current liabilities</b>		<b>65,158</b>	38,260	49,810
<b>Total liabilities</b>		<b>104,969</b>	74,573	86,534
<b>Total equity and liabilities</b>		<b>150,916</b>	116,647	146,328

**Consolidated statement of changes in equity for the year ended 31 December 2013**

		<b>Share capital</b>	<b>Additional paid-in capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
		<b>EUR 1,000</b>	<b>EUR 1,000</b>	<b>EUR 1,000</b>	<b>EUR 1,000</b>
Balance as at 31 December 2012		<b>45</b>	<b>362</b>	<b>41,667</b>	<b>42,074</b>
<b>Total comprehensive income</b>					
Profit attributable to the shareholder		—	—	<b>26,596</b>	<b>26,596</b>
Total comprehensive income		—	—	<b>26,596</b>	<b>26,596</b>
<b>Transactions with owners of the Company</b>					
Additional capital contribution	20	—	<b>697</b>	—	<b>697</b>
Dividends	20	—	—	<b>(23,420)</b>	<b>(23,420)</b>
Total transactions with owners of the Company		—	<b>697</b>	<b>(23,420)</b>	<b>(22,723)</b>
Balance as at 31 December 2013		<b>45</b>	<b>1,059</b>	<b>44,843</b>	<b>45,947</b>
Balance as at 31 December 2011		<b>45</b>	<b>362</b>	<b>59,387</b>	<b>59,794</b>
<b>Total comprehensive income</b>					
Profit attributable to the shareholder		—	—	<b>18,852</b>	<b>18,852</b>
Total comprehensive income		—	—	<b>18,852</b>	<b>18,852</b>
<b>Transactions with owners of the Company</b>					
Dividends	20	—	—	<b>(36,572)</b>	<b>(36,572)</b>
Total transactions with owners of the Company		—	—	<b>(36,572)</b>	<b>(36,572)</b>
Balance as at 31 December 2012		<b>45</b>	<b>362</b>	<b>41,667</b>	<b>42,074</b>



# Consolidated cash flow statement for the year ended 31 December 2013

		2013 EUR 1,000	2012 EUR 1,000
<b>Cash flows from operating activities</b>			
Profit before tax		35,513	24,757
Adjustments to reconcile profit before tax to net cash flows:			
– Depreciation		7,067	6,475
– Net finance costs		1,370	2,222
– Changes in net working capital:			
○ Inventories		(94)	132
○ Work in progress amounts due to and from customers		(9,881)	(27,844)
○ Trade receivables		(969)	25,705
○ Prepayments		1,595	(1,717)
○ Trade payables		25,836	4,822
		16,487	1,098
○ Other financial assets		(234)	(454)
○ Employee benefits		400	189
○ Wage tax and social security		(494)	561
○ Other current liabilities		33	167
		(295)	463
Income taxes paid – by shareholder	29	(5,811)	(9,582)
Interest paid – by shareholder	29	(1,113)	(1,085)
Interest paid	29	(730)	(618)
<b>Net cash from operating activities</b>		<b>52,488</b>	<b>23,730</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		67	—
Purchase of property, plant and equipment		(2,171)	(10,990)
Purchase of investment property		(475)	—
Current account with shareholder	29	(21,937)	(19,662)
<b>Net cash from (used in) investing activities</b>		<b>(24,516)</b>	<b>(30,652)</b>
<b>Cash flows from financing activities</b>			
Proceeds from new borrowings		8,982	—
Repayment of borrowings		(3,000)	(6,982)
<b>Net cash from (used in) financing activities</b>		<b>5,982</b>	<b>(6,982)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>33,954</b>	<b>(13,904)</b>
Cash and cash equivalents at 1 January		1,992	15,896
<b>Cash and cash equivalents at 31 December</b>	17	<b>35,946</b>	<b>1,992</b>

## **Notes to the consolidated financial statements for the year ended 31 December 2013**

### **1. Reporting entity**

S.I.F. Beheer B.V. (the 'Company') is a company with its legal seat in the Netherlands. The Company's registered office is at Mijnheerkensweg 33, Roermond. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). Information on the structure of the Group is provided in note 26.

With reference to the income statement of the company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

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

### **2. Basis of preparation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs).

The consolidated financial statements have been prepared a historical cost basis, except for derivative financial instruments that have been measured at fair value. The Group's consolidated financial statements are presented in euros (EUR), which is also the Company's functional currency. All values are rounded to the nearest thousands (EUR '000), except when otherwise indicated.

### **Management estimates and judgements**

In preparing these financial statements use has been made of 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.

### ***Work in progress***

Revenues and costs in relation to work in progress are recognised in the statement of profit or loss in proportion to the stage of completion of each project. The stage of completion is assessed based on the actual hours incurred compared with the estimated hours needed to complete the full project. In addition, management estimates at each reporting date the total expected costs to be incurred for each individual project.

### ***Leases***

The Group rents warehouse/factory facilities and an apartment in order to carry out its activities. It is the Group's opinion that it does not possess the principal risks and benefits associated with ownership of the assets. As such, these rental contracts are accounted for as operating leases.

### ***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.

### ***Impairment***

The Group assesses whether there is any indication as at the reporting date assets have been impaired. If any such indication is detected, or if an asset is required to undergo its annual impairment testing, the Group estimates the recoverable amount of the asset. In determining the recoverable amount of the asset estimates shall be made, including for example estimates of future cash flows and discount rates.

### **3. Significant accounting policies**

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

## **(a) Basis of consolidation**

### ***Subsidiaries***

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

### ***Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## **(b) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements has pricing latitude and is also exposed to inventory and credit risk.

### ***Work in progress***

Contract revenues and costs are recognised in the statement of profit or loss in proportion to the stage of completion of the project. The stage of completion is assessed by reference to the proportion of hours spent in relation to the total projected hours up until completion of the project. Contract revenues include the contractually agreed amount plus any additional agreed additional work. If contract results cannot be determined reliably, contract revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

The valuation of work in progress takes into account the expenses of raw materials, subcontracted work, as well as direct personnel and overhead expenses that are attributable to contract activity. Contract costs are recognised as incurred unless they create an asset related to future contract work. Expected project losses are recognised immediately in the statement of profit or loss.

## **(c) Finance income and finance costs**

The Group's finance income and finance costs include:

- interest income;
- interest expense; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

## **(d) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. The non-monetary assets on historical costs, these items are translated, but at historical rates, the rate at date of the transaction.

## **(e) Employee benefits**

### ***Short-term employee benefits***

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Wage tax deductions receivable (WBSO) are recognised in profit or loss over the periods in which the Group recognises the related costs which the grants are intended to compensate.

### ***Post-employment benefit plan***

The Group has a defined benefit scheme for which premiums are payable to an industry pension fund (Bedrijfstakpensioenfonds) that is separately managed: the Pensioenfonds Metaal en Techniek (PMT). This pension scheme is administered together with those of other legal entities. The pension obligation is based on the duration of the participation in the plan and their salary levels. The related obligations are covered by the periodical premiums to the industry pension fund. The associated businesses are not obliged to compensate any deficits in the pension funds, nor are they entitled to any surpluses. Furthermore, the structure of the administration does not allow for providing the required information to the Group for accounting for the pension scheme as a defined benefit scheme in accordance with IAS 19. As such, this pension scheme has been accounted for as a defined contribution scheme in the financial statements.

The pension fund coverage ratio of the PMT industry fund at 31 December 2013 amounted to 103.8% (2012: 92.4%). The 2013 premium has increased by 1% compared with 2012 as a consequence of the underfunding at the end of 2012, for which PMT had implemented corrective actions. The Group's participation in the industry pension fund is approximately 0.05% (2012: 0.05%) based on number of active participants in the plan.

Obligations for contributions to the industry pension fund are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### ***Other long-term employee benefits***

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

## **(f) Income tax**

Income tax expense comprises current and deferred tax. Income taxes are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### ***Current tax***

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

### ***Deferred tax***

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible unused tax losses, tax credits and unused deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date

and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **(g) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **(h) Work in progress**

##### ***Amounts due from customers***

Amounts due from customers represent the gross amount expected to be collected from customers for contract work performed to date. It is measured at costs incurred plus profits recognised to date less progress billings and recognised losses.

In the statement of financial position, work in progress for which costs incurred plus recognised profits exceed progress billings and recognised losses are presented as amounts due from customers.

##### ***Amounts due to customers***

Contracts for which progress billings, advances received from customers and recognised losses exceed costs incurred plus recognised profits are presented as amounts due to customers.

#### **(i) Property, plant and equipment**

##### ***Recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other borrowing costs are expensed in the period in which they occur. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### ***Subsequent expenditure***

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

### ***Depreciation***

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Buildings: 6 – 20 years.
- Plant and equipment: 5 – 10 years.
- Other fixed assets: 5 – 10 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### **(j) Investment property**

Investment property is initially measured at cost. After initial recognition, the cost model is applied and all of the Group's investment properties, other than those that meet the criteria to be classified as held for sale, are measured in accordance with the principles applied to property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

### **(k) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### **(l) Financial instruments**

#### ***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

#### ***Subsequent measurement***

##### ***Derivative financial instruments***

The Group may use interest rate swaps and foreign currency contracts to hedge its interest-rate and foreign currency risk exposures arising from project and financing activities. In accordance with its treasury policy, the Group does not hold derivatives for trading purposes. Interest-rate swaps and foreign currency contracts are measured at fair value.

The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward currency contracts is determined using the forward foreign exchange rates as at the closing date.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.



- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

#### *Non-derivative financial instruments*

Non-derivative financial instruments consist of trade and other receivables, cash and cash equivalents, loans and borrowings, and trade payables. These instruments are recognised initially at fair value, plus all directly attributable transaction costs. Thereafter, the non-derivative financial instruments are measured at amortised cost, using the effective interest method, less impairment losses.

#### ***Derecognition and offsetting***

The Group derecognises financial assets if the contractual rights to the cash flows arising from those financial assets expire, or if the Group transfers the financial asset to another party without retaining control or without substantially retaining all the risks and rewards of the asset. Any interest retained in such derecognised financial asset is recognised as a separate asset or liability by the Group. Financial liabilities are derecognised if the Group's commitments specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **(m) Impairment**

Each reporting date, the Group assesses whether there is any indication that the Group's assets, excluding work in progress, inventories and deferred tax assets have been impaired. If there are such indications, an estimate is made of the recoverable amount of the asset concerned. An impairment is only recognized when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Any impairments are recognized in the statement of profit or loss under depreciation and impairment expenses.

The recoverable amount of an asset is the higher of the value in use and the fair value of that asset or cash-generating unit minus cost to sell. The recoverable amount is calculated for each asset individually, unless that asset does not generate any cash flows that are largely independent from those of other assets or groups of assets. The calculation of the value in use is based on a discount of the estimated future cash flows, using a discount rate that reflects the current market assessments of the time value of money and the specific risks associated with the asset. For the calculation of fair value minus cost to sell use is made of an appropriate valuation model.

A previously recognized impairment loss is only reversed if the assumptions used to determine the asset's recoverable amount have changed since the most recent impairment loss. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

#### **(n) Share capital**

##### *Cash dividend and non-cash distribution to the shareholder*

The Company recognises a liability to make cash or non-cash distributions to the shareholder when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in the Netherlands, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

#### **(o) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### **Group as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

#### **Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### **4. New standards and interpretations not yet adopted**

The following standards issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group is investigating what the impact these new standards will have on the financial statements and intends to adopt these standards, if applicable, when they become effective.

- IFRS 15 Revenue from Contracts with Customers, in effect per 1 January 2018
- IFRS 9 Financial Instruments, in effect per 1 January 2018
- Annual improvements 2010-2012 Cycle, in effect per 1 February 2015
- Annual improvements 2011-2013 Cycle, in effect per 1 January 2015
- Annual improvements 2012-2014 Cycle, in effect per 1 January 2015
- Amendments to IAS 1 Presentation of financial statements, in effect per 1 January 2016

The following standards issued, but not yet effective, up to the date of issuance of the Group's financial statements will not have an impact on the Group's financial statements:

- Amendments to IAS 32 on Offsetting Financial Assets and Financial Liabilities, in effect per 1 January 2014
- Amendments to IAS 39 on Novation of Derivatives and Continuation of Hedge Accounting, in effect per 1 January 2014
- Amendments to IFRS 10, IFRS 12 and IAS 27 on Investment Entities, in effect per 1 January 2014
- IFRIC Interpretation 21, in effect per 17 June 2014
- IFRS 14 Regulatory Deferral Accounts, in effect per 1 January 2016
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions, in effect per 1 January 2015
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets, in effect per 1 January 2016

- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests, in effect per 1 January 2016
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants, in effect per 1 January 2016
- Amendments to IAS 27: Equity Method in Separate Financial Statements, in effect per 1 January 2016
- Amendments to IFRS 10, IFRS 12 and IAS 28, in effect per 1 January 2016

## **5. Early adoption**

The Group chose to adopt the following standards, which are issued but not yet effective, in its consolidated financial statements.

### ***IFRS 8 Operating Segments***

The amendments are applied retrospectively and clarify that:

An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’.

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The impact of this early adoption is that the Group is not required to disclose the segment assets as these are not reported to the chief operating decision maker.

## **6. First time adoption of IFRS**

These financial statements, for the year ended 31 December 2013, are the first the Group has prepared in accordance with EU-IFRSs. For periods up to and including the year ended 31 December 2014, the Group was not required to publish financial statements in accordance with accounting principles generally accepted in the Netherlands (Dutch GAAP).

Accordingly, the Group has prepared financial statements which comply with EU-IFRS applicable for periods ending on or after 31 December 2013, together with the comparative period data as at and for the year ended 31 December 2012, as described in the summary of significant accounting policies. In preparing these financial statements, the Group’s opening statement of financial position was prepared as at 1 January 2012, the Group’s date of transition to EU-IFRS. This note explains the principal choices made by the Group under IFRS 1 – first time adoption at the transition to EU-IFRS.

### ***Exemptions applied***

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

- IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses for EU-IFRS, or of interests in associates and joint ventures that occurred before 1 January 2012.
- Use of this exemption means that the Dutch GAAP carrying amounts of assets and liabilities, that are required to be recognised under EU-IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with EU-IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening EU-IFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements.
- The Group has applied the transitional provision in IFRIC 4 Determining whether an Arrangement Contains a Lease and has assessed all arrangements based upon the conditions in place as at the date of transition.
- The Group has applied the transitional provisions in IAS 23 Borrowing Costs and capitalises borrowing costs relating to all qualifying assets after the date of transition.

## **Estimates**

The estimates at 1 January 2012, 31 December, 2012 and 31 December 2013 are based on the information available at that time and are consistent with those made for the same dates in

accordance with Dutch GAAP (after adjustments to reflect any differences in accounting policies). As such, the estimates used by the Group to present these amounts in accordance with EU-IFRS reflect conditions at 1 January 2012, the date of transition to EU-IFRS and at 31 December 2012 and 31 December 2013.

#### Group reconciliation of equity as at

		1 January 2012 EUR 1,000	31 December 2012 EUR 1,000	31 December 2013 EUR 1,000
<b>Equity under Dutch GAAP</b>		24,355	20,285	<b>28,057</b>
Dividend appropriation	A	36,573	23,420	<b>18,466</b>
Derivative financial instruments	B	(1,427)	(1,843)	<b>(1,332)</b>
Loans and borrowings	C	293	212	<b>756</b>
<b>Equity under EU-IFRS</b>		<b>59,794</b>	<b>42,074</b>	<b>45,947</b>

#### Group reconciliation of total comprehensive income for the year

		2012 EUR 1,000	2013 EUR 1,000
<b>Profit attributable to the shareholder under Dutch GAAP</b>		19,349	<b>26,237</b>
Derivative financial instruments	B	(416)	<b>512</b>
Loans and borrowings	C	(81)	<b>(153)</b>
<b>Total comprehensive income under EU-IFRS</b>		<b>18,852</b>	<b>26,596</b>

#### Notes to the reconciliation of equity and total comprehensive income for the year

##### *A – Dividend appropriation*

Under Dutch GAAP dividends proposed before but approved after the balance sheet date could be reflected in the balance sheet as dividends during the year. Based on the EU-IFRS requirements the dividends are to be reflected in the year in which the dividends are approved. As the dividends are settled against the current accounts with the shareholder, the reversal of the dividend results in an increase of the receivable on the shareholder.

##### *B – Derivative financial instruments*

Under Dutch GAAP the Group accounts for the interest rate swaps through cost-price hedge accounting and are as such kept off-balance. Under EU-IFRS the interest rate swaps classify as finance liabilities at fair value through profit and loss. At the transition date the fair value of the interest rate swaps is presented as other non-current financial liabilities with the resulting effect through retained earnings. Fluctuations in the fair value after the transition date are reflected in the statement of profit and loss and other comprehensive income.

##### *C – Loans and borrowings*

In the internal financial statements of the Group transaction costs incurred for closing a new loan agreement or for the modification of an existing agreement were not accounted for by the Group, but were accounted for by the shareholder as primary borrower in the agreements. Under EU-IFRS the transaction costs are to be allocated to the individual borrowers that are part of the loan agreements. As the respective transaction costs are not charged through by the shareholder the effect results in an additional capital contribution in kind. The resulting transaction costs are amortized over the duration of the loan agreement based on the effective interest rate.

## 7. Operating segments

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

- Wind, which produces and delivers monopiles and transition pieces for windmill foundations;

- Oil & Gas, which produces and delivers piles, pile sleeves, pinpiles etcetera for application in the oil and gas sector.

These divisions offer different products and services, and are managed separately because they require different technology and target different markets. The Group's CEO reviews internal management reports of each division at least quarterly. The offshore and new offshore operating segments have been aggregated to form the Oil & Gas reportable operating segment. Both segments have similar products and services as well as the same nature of the production process. In addition, both segments have similar gross margins.

Other operating segments include related activities. None of these segments meets the quantitative thresholds for determining reportable segments in 2013 or 2012.

Information related to each reportable segment is set out below. Finance income, finance costs, indirect personnel expenses, depreciation & impairment, facilities, housing & maintenance, selling expenses, general expenses and tax expenses are not allocated to individual segments as these are managed on an overall group basis. Gross profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries. Total assets, which are located in the Netherlands, are not allocated to individual segments as these are managed on an overall group basis.

#### Information about reportable segments

	Wind 2013 EUR 1,000	Oil & Gas 2013 EUR 1,000	Other 2013 EUR 1,000	Total 2013 EUR 1,000	Wind 2012 EUR 1,000	Oil & Gas 2012 EUR 1,000	Other 2012 EUR 1,000	Total 2012 EUR 1,000
Revenue	267,863	67,311	1,093	336,267	97,157	64,907	1,188	163,252
Segment contribution	48,344	36,069	886	85,299	31,226	37,589	1,616	70,431
Gross profit	29,417	21,475	798	51,690	17,632	21,714	1,251	40,597
Indirect personnel expenses				(4,123)				(3,710)
Depreciation				(7,067)				(6,475)
Facilities, housing & maintenance				(1,746)				(1,277)
Selling expenses				(494)				(382)
General expenses				(1,791)				(1,792)
Other (income) / expenses				414				18
Net finance costs				(1,370)				(2,222)
<b>Total profit before tax</b>				<b>35,513</b>				<b>24,757</b>

### Geographical information

The Oil & Gas and Wind segments are managed on a worldwide basis, but operate manufacturing facilities and sales offices primarily in the Netherlands.

The geographic information below analyses the Group's revenue by the Company's country of domicile and other countries. In presenting the following information, segment revenue has been based on the geographical location of customers.

	<b>Revenue</b>	
	<b>2013</b>	2012
	<b>EUR 1,000</b>	EUR 1,000
The Netherlands	<b>14,678</b>	20,997
All foreign countries:		
European Community (EC)	<b>306,341</b>	119,485
Europe outside EC	<b>15,211</b>	22,770
Outside Europe	<b>37</b>	—
Total revenues	<b>336,267</b>	163,252

### Major customers

Revenues from three customers of the Group's Wind segment represent approximately EUR 232 million (2012: one customer EUR 69 million) of the Group's total revenues.

The largest customer represents a revenue of approximately EUR 127 million, the second customer approximately EUR 60 million and the third customer approximately EUR 45 million.

### 8. Net finance costs

	<b>2013</b>	2012
	<b>EUR 1,000</b>	EUR 1,000
Interest on bank balances and on current account	<b>26</b>	220
Other	<b>11</b>	—
<i>Finance income</i>	<b>37</b>	220
Interest on loans and borrowings	<b>(1,997)</b>	(2,890)
Fair value changes of interest rate swaps	<b>682</b>	555
Costs of bank guarantees	<b>(43)</b>	(75)
Other	<b>(49)</b>	(32)
<i>Finance costs</i>	<b>(1,407)</b>	(2,442)
Net finance costs recognised in profit or loss	<b>(1,370)</b>	(2,222)

### 9. Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share has been based on the ordinary shareholders and weighted-average number of ordinary shares outstanding.

#### Weighted-average number of ordinary shares

	<b>2013</b>	2012
Issued ordinary shares at 1 January	<b>454</b>	454
Weighted average number of ordinary shares at 31 December	<b>454</b>	454



## 10. Employee benefits

	2013 EUR 1,000	2012 EUR 1,000
Jubilee provision	215	164
Accrual for bonuses	352	300
Accrual for employee vacation days outstanding	305	311
Personnel expenses payable	537	234
Total employee benefits liabilities	1,409	1,009
Non-current	215	164
Current	1,194	845
	1,409	1,009

## 11. Employee benefit expenses

	2013 EUR 1,000	2012 EUR 1,000
Wages and salaries	9,887	8,972
Hired staff and temporary workers	15,542	13,381
Compensation/grants received	(17)	(10)
Social security contributions	1,447	1,381
Pension expense	1,411	1,265
Other employee benefit expenses	1,262	1,259
	29,532	26,248

## Number of employees

The average number of employees employed by the Group in 2013 amounts to 188 FTE (2012: 180 FTE). The table below provides an overview of the average number of FTE split per functional area.

	2013 FTE	2012 FTE
Production and distribution	144	139
Management	2	1
Purchasing	3	3
Sales	7	7
Administrative	6	5
Other	26	25
	188	180

## Pension expense

Obligations for contributions to the industry pension fund are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The expected contributions to the plan for the next annual reporting period are in line with the actual expense of the current financial year.

## 12. Selling expenses

	2013 EUR 1,000	2012 EUR 1,000
Travel and representation costs	191	184
Promotional and advertising costs	222	21
Other	81	177
	<u>494</u>	<u>382</u>

## 13. General expenses

	2013 EUR 1,000	2012 EUR 1,000
Consultancy fees	475	458
Insurances	527	503
Software	374	480
Office	249	198
Other	166	153
	<u>1,791</u>	<u>1,792</u>

## 14. Income tax expense

### Income tax recognised in profit or loss

	2013 EUR 1,000	2012 EUR 1,000
<b>Current income tax expense</b>		
Current year income tax charge	9,226	5,942
	<u>9,226</u>	<u>5,942</u>
Origination and reversal of temporary differences	(309)	241
Prior year adjustment	—	(278)
	<u>—</u>	<u>(278)</u>
<b>Tax expense recognised in the statement of profit &amp; loss</b>	<u>8,917</u>	<u>5,905</u>

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

### Reconciliation of effective tax rate

	2013 %	2012 %
Tax using the Company's domestic tax rate	25.0	25.0
Prior year deferred tax adjustment	—	(1.2)
Non tax deductible expense	0.1	0.1
	<u>25.1</u>	<u>23.9</u>

## Movement in deferred tax balances

	Net balance at 1 January EUR 1,000	Recognised in profit or loss EUR 1,000	Net balance at 31 December EUR 1,000	Deferred tax assets EUR 1,000	Deferred tax liabilities EUR 1,000
<b>2013</b>					
Property, plant and equipment	(2,500)	480	(2,020)	—	(2,020)
Derivatives	615	(171)	444	444	—
Tax assets (liabilities) before set-off	(1,885)	309	(1,576)	444	(2,020)
Set off of tax				(444)	444
Net tax assets (liabilities)				—	(1,576)
<b>2012</b>					
Property, plant and equipment	(2,399)	(101)	(2,500)	—	(2,500)
Derivatives	476	139	615	615	—
Tax assets (liabilities) before set-off	(1,923)	38	(1,885)	615	(2,500)
Set off of tax				(615)	615
Net tax assets (liabilities)				—	(1,885)

## Unrecognised deferred tax assets and liabilities

At 31 December 2013, 31 December 2012, and 1 January 2012, the Group has reported all deferred tax assets and liabilities applicable to the Group.

## 15. Inventories

	2013 EUR 1,000	2012 EUR 1,000	1 January 2012 EUR 1,000
Raw materials and consumables	212	118	250

During 2013 and 2012 no inventories were written down to net realisable value and no provision had been recognised.

## 16. Trade and other receivables

	2013 EUR 1,000	2012 EUR 1,000	1 January 2012 EUR 1,000
Trade receivables	17,525	16,556	42,261
Receivable on shareholder	18,466	23,420	36,573
Other financial assets	1,047	813	359
	37,038	40,789	79,193

All trade and other receivables mature within 12 months. Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. At 31 December 2013 no trade receivables were

impaired or provided for (2012: EUR 0, 1 January 2012: EUR 0). The ageing analysis of trade receivables is as follows:

	Total EUR 1,000	Not past due EUR 1,000	< 30 days past due EUR 1,000	30 – 60 days past due EUR 1,000	61 – 90 days past due EUR 1,000	91 – 120 days past due EUR 1,000	> 120 days past due EUR 1,000
31 December 2013	17,525	11,192	6,180	—	—	—	153
31 December 2012	16,556	15,232	1,221	100	—	3	—
1 January 2012	42,261	37,048	3,053	5	228	185	1,742

#### Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables, excluding construction contracts in progress, is included in note 25.

#### 17. Cash and cash equivalents

	2013 EUR 1,000	2012 EUR 1,000	1 January 2012 EUR 1,000
Cash	12	12	11
Bank balances	35,947	2,046	15,885
Cash and cash equivalents in the statement of financial position	35,959	2,058	15,896
Bank overdrafts used for cash management purposes	(13)	(66)	—
Cash and cash equivalents in the statement of cash flows	35,946	1,992	15,896

#### 18. Property, plant and equipment

##### Reconciliation of the carrying amount

	Land and buildings EUR 1,000	Plant and equipment EUR 1,000	Other fixed assets EUR 1,000	Total EUR 1,000
<b>Cost</b>				
Balance at 1 January 2012	51,093	28,117	1,050	80,260
Additions	2,157	8,681	151	10,989
Balance at 31 December 2012	53,250	36,798	1,201	91,249
Balance at 1 January 2013	53,250	36,798	1,202	91,250
Additions	501	1,517	153	2,171
Disposals	—	(958)	(201)	(1,159)
Balance at 31 December 2013	53,751	37,357	1,154	92,262
<b>Accumulated depreciation</b>				
Balance at 1 January 2012	(23,800)	(11,839)	(614)	(36,253)
Depreciation	(1,638)	(4,675)	(162)	(6,475)
Balance at 31 December 2012	(25,438)	(16,514)	(776)	(42,728)
Balance at 1 January 2013	(25,438)	(16,514)	(776)	(42,728)
Depreciation	(1,700)	(5,200)	(157)	(7,057)
Disposals	—	891	201	1,092
Balance at 31 December 2013	(27,138)	(20,823)	(732)	(48,693)
<b>Carrying amounts</b>				
At 1 January 2012	27,293	16,278	436	44,007
At 31 December 2012	27,812	20,284	426	48,522
At 31 December 2013	26,613	16,534	422	43,569

## Security

At 31 December 2013, 31 December 2012, and 1 January 2012, all property, plant and equipment is collateralized as part of the loan agreements in place (see note 22).

## 19. Investment property

### Reconciliation of carrying amount

	2013 EUR 1,000
Balance at 1 January	—
Acquisitions	475
Depreciation	(10)
Balance at 31 December	465

Investment property comprises a commercial property acquired in 2013 that is leased to a third party. The lease contains an initial non-cancellable period till July 2016, with annual rents indexed to consumer prices. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. Further information about this lease is included in note 27.

Fair value as of 31 December 2013 is estimated at EUR 470. In 2013, the fair value of the investment property was determined by reference to the acquisition price. The fair value measurement has been categorised as a Level 2 fair value based on the inputs to the valuation technique used.

## 20. Capital and reserves

### Share capital

	Ordinary shares	
	2013	2012
Ordinary shares issued at 1 January – fully paid at par value EUR 100	454	454
Ordinary shares issue at 31 December – fully paid at par value EUR 100	454	454

All ordinary shares rank equally with regard to the Company's residual assets.

### Additional paid-in capital

The additional paid-in capital results from contributions in kind by the shareholder in relation to the issuance of loans as the transaction costs related to the issuance of additional funding were not passed on by the shareholder.

## Dividends

The following dividends were declared and settled by the Company in the year:

	2013	2012
Number of ordinary shares dividend eligible	454	454
Rounded dividend per ordinary share – EUR 1,000	52	81
Dividends declared and settled during the year – EUR 1,000	23,420	36,573

After the respective reporting date, the following dividends were proposed by the board of directors. The dividends have not been recognised as liabilities and there are no tax consequences.

	2013	2012
Number of ordinary shares dividend eligible	454	454
Rounded dividend per ordinary share – EUR 1,000	41	52
Dividends proposed regarding the year – EUR 1,000	18,466	23,420

## 21. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders as well as to maintain an optimal capital structure to continue to be able to qualify for large commercial tenders while optimizing the overall cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group aims for a financing structure that ensures continuing operations and minimises cost of equity. For this, flexibility and access to the financial markets are important conditions. The Group monitors its financing structure using a solvency ratio. Solvency is calculated as total equity and any subordinated loan divided by total assets. At year-end 2013, the solvency ratio was 30.4% (2012: 36.1%).

In addition, the loan covenants are closely monitored to ensure that these remain within agreed thresholds. The current loan covenants include the Gross Debt/EBITDA and Fixed Charge Coverage Ratio for which reference is made to note 22.

## 22. Loans and borrowings

The company has the following secured bank loans:

	2013 EUR 1,000	2012 EUR 1,000	1 January 2012 EUR 1,000
Non-current portion – secured bank loans	36,244	31,806	32,743
Current portion – secured bank loans	5,000	4,000	9,964
	41,244	35,806	42,707

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in note 25.



## Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Year of maturity	Fair value 31 December 2013 EUR 1,000	Carrying amount 31 December 2013 EUR 1,000
Secured bank loan	EUR	Euribor + supplement	2017	16,719	16,719
Secured bank loan	EUR	Euribor + supplement	2019	24,525	24,525
Total interest-bearing loans and borrowings				41,244	41,244

	Currency	Nominal interest rate	Year of maturity	Fair value 31 December 2012 EUR 1,000	Carrying amount 31 December 2012 EUR 1,000
Secured bank loan	EUR	Euribor + supplement	2017	10,940	10,940
Secured bank loan	EUR	Euribor + supplement	2019	24,866	24,866
Total interest-bearing loans and borrowings				35,806	35,806

	Currency	Nominal interest rate	Year of maturity	Fair value 1 January 2012 EUR 1,000	Carrying amount 1 January 2012 EUR 1,000
Secured bank loan	EUR	Euribor + supplement	2017	17,875	17,875
Secured bank loan	EUR	Euribor + supplement	2019	24,832	24,832
Total interest-bearing loans and borrowings				42,707	42,707

The supplement to the Euribor interest rate depends on the Gross Debt to EBITDA ratio as defined in the loan agreement and ranges between 200 and 300bps.

The secured bank loans are collateralized over the following items:

- Current assets (inventory and construction contracts net position)
- Trade receivables
- Intercompany receivables
- Credit balances
- Receivables from hedging activities
- Receivables from insurance contracts
- Shares in S.I.F. Beheer B.V. by S.I.F. Holding II B.V. and shares in S.I.F. Group B.V. and S.I.F. Beleggingen B.V. by S.I.F. Beheer B.V.
- Non-current assets

## Loan covenant

The Group has two secured bank loans with a total carrying amount of EUR 41,244 at 31 December 2013 (2012: EUR 35,806). The first loan of EUR 16,719 (2012: EUR 10,940) is repayable in tranches over the next 3 years. The second loan of EUR 24,525 (2012: EUR 24,866) has to be repaid in full

mid May 2019. The interest is based on EURIBOR plus a supplement that depends on the Gross debt/EBITDA ratio per quarter. The following financial ratios have to be met:

- Fixed Charge Cover Ratio >1.0;
- Gross debt/EBITDA ratio per quarter;
- Maximum CAPEX of EUR 5,000 per financial year.

### 23. Trade and other payables

	2013 EUR 1,000	2012 EUR 1,000	1 January 2012 EUR 1,000
Trade payables	<b>54,195</b>	28,359	23,537

All trade payables mature within 12 months.

Information about the Group's exposure to currency and liquidity risk is included in note 25.

### 24. Work in progress

	2013 EUR 1,000	2012 EUR 1,000	1 January 2012 EUR 1,000
Work in progress – amounts due from customers (current assets)	<b>32,964</b>	22,856	6,395
Work in progress – amounts due to customers (current liabilities)	<b>(3,993)</b>	(3,766)	(15,149)
	<b>28,971</b>	19,090	(8,754)
Expenses incurred including realized profit to date	<b>315,860</b>	97,260	88,886
Invoiced terms	<b>(286,889)</b>	(78,170)	(97,642)
	<b>28,971</b>	19,090	(8,754)

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. Due to the application of estimates, fluctuations can occur over the contract terms.

The amounts due from customers concern all projects in progress for which expenses incurred plus recorded profit minus project losses 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.

## 25. Financial instruments

### Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for loans and borrowings as included in note 22 and for other financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2013	Carrying amount	Fair value			
	EUR 1,000	Level 1 EUR 1,000	Level 2 EUR 1,000	Level 3 EUR 1,000	Total EUR 1,000
<b>Financial liabilities measured at fair value</b>					
Interest rate swaps used for hedging	1,776	—	1,776	—	1,776
	1,776	—	1,776	—	1,776
31 December 2012	Carrying amount	Fair value			
	EUR 1,000	Level 1 EUR 1,000	Level 2 EUR 1,000	Level 3 EUR 1,000	Total EUR 1,000
<b>Financial liabilities measured at fair value</b>					
Interest rate swaps used for hedging	2,458	—	2,458	—	2,458
Forward exchange contracts used for hedging	—	—	8	—	8
	2,458	—	2,466	—	2,466
1 January 2012	Carrying amount	Fair value			
	EUR 1,000	Level 1 EUR 1,000	Level 2 EUR 1,000	Level 3 EUR 1,000	Total EUR 1,000
<b>Financial liabilities measured at fair value</b>					
Interest rate swaps used for hedging	1,903	—	1,903	—	1,903
	1,903	—	1,903	—	1,903

### Measurement of fair values

#### Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

*Financial instruments measured at fair value*

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts and interest rate swaps	<i>Market comparison technique:</i> The fair values are based on marked-to-market (MTM) quotes from the issuing bank institutions. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

### Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk.

#### ***Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables on customers.

The carrying amount of financial assets represents the maximum credit exposure.

#### *Trade and other receivables*

The Group's exposure to credit risk is mainly influenced by the individual customer characteristics. In addition, management considers general factors that may influence the credit risk of its customer base, including the default risk of the industry and the countries in which customers operate.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

#### *Cash and cash equivalents*

The Group held cash and cash equivalents of EUR 35,959 at 31 December 2013 (2012: EUR 2,058). The cash and cash equivalents are held with bank and financial institution counterparties, which are at least rated A- based on rating agency ratings.

#### ***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under the normal course of business, and within the covenants as agreed with the banks and financial institutions.

The Group aims to maintain the minimal level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

### *Exposure to liquidity risk*

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments based on current estimates of applicable interest rates, which might be different from actual rates at that time:

**31 December 2013**

31 December 2013	Contractual cash flows					
Carrying amount EUR 1,000	Total EUR 1,000	3 months or less EUR 1,000	3 – 12 months EUR 1,000	1 – 2 years EUR 1,000	2 – 5 years EUR 1,000	More than 5 years EUR 1,000
Non-derivative financial liabilities						
Bank overdraft	13	(13)	(13)	—	—	—
Secured bank loans	41,244	(49,390)	—	(6,816)	(5,503)	(11,598)
Trade payables	54,195	(54,195)	(54,195)	—	—	—
	95,452	(103,598)	(54,208)	(6,816)	(5,503)	(11,598)
						(25,474)

**31 December 2012**

31 December 2012		Contractual cash flows					
Carrying amount EUR 1,000	Total EUR 1,000	3 months or less EUR 1,000	3 – 12 months EUR 1,000	1 – 2 years EUR 1,000	2 – 5 years EUR 1,000	More than 5 years EUR 1,000	
Non-derivative financial liabilities							
Bank overdraft	66	(66)	(66)	—	—	—	
Secured bank loans	35,806	(45,452)	—	(4,844)	(8,074)	(5,864)	
Trade payables	28,359	(28,359)	(28,359)	—	—	—	
	64,231	(73,877)	(28,425)	(4,844)	(8,074)	(5,864)	
						(26,671)	

As disclosed in note 22, the Group has a secured bank loan that contains loan covenants. A future breach of covenants may require the Group to repay the loan earlier than indicated in the table above. The interest payments on variable interest rate loans and bond issues in the table above reflect market forward interest rates at the reporting date. These amounts may change as market interest rates change.

### ***Market risk***

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group uses derivatives to manage market risks. All such transactions are carried out within treasury policy guidelines.

### *Currency risk*

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of Group companies is the Euro. The currency in which transactions are primarily denominated is also the Euro. The currency risk is limited since the Group almost fully conducts its sales, purchases and borrowings in its functional currency and close hedge contracts at the time of entering into contracts in foreign currencies.

### *Interest rate risk*

The Group adopts a policy of ensuring that 66% of its interest rate risk exposure is at fixed rate. This is achieved by borrowing at a floating rate and using interest rate swaps to hedge the variability in cash flows attributable to interest rate risk. The interest rate swaps mature between 30 June 2016 and 31 December 2017.

### *Exposure to interest rate risk*

The interest rate profile of the Group's interest-bearing financial instruments as reported to management of the Group is as follows:

	Carrying amount	
	2013 EUR 1,000	2012 EUR 1,000
<b>Variable rate instruments</b>		
Total loans and borrowings	42,000	36,018
Balance covered by interest rate swaps	27,920	16,100
Balance exposed to variable interest rates	14,080	19,918

The Group has performed a cash flow sensitivity analysis for variable rate instruments. A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss	
	50 basis points increase EUR 1,000	50 basis points decrease EUR 1,000
<b>31 December 2013</b>		
Variable rate instruments	210	(210)
Interest rate swaps	(140)	140
Cash flow sensitivity (net)	70	(70)
<b>31 December 2012</b>		
Variable rate instruments	180	(180)
Interest rate swaps	(130)	130
Cash flow sensitivity (net)	50	(50)

### **26. List of subsidiaries**

Included in the consolidated financial statements are the following owned subsidiaries:

Name	Location	Share in issued capital %
S.I.F. Beleggingen B.V.	Roermond	100
S.I.F. Group B.V.	Roermond	100

### **27. Operating leases**

#### **Leases as lessee**

The Group leases a warehouse/factory facility under operating leases. The lease runs for a period of two years, with an option to renew the lease after that date for two more years.



***Future minimum rentals payable***

At 31 December, the future minimum rentals payables under non-cancellable leases were as follows.

	<b>2013</b>	2012
	<b>EUR 1,000</b>	EUR 1,000
Less than 1 year	<b>180</b>	180
Between 1 and 5 years	<b>240</b>	420
More than 5 years	—	—
	<b>420</b>	600

***Amounts recognised in profit or loss***

	<b>2013</b>	2012
	<b>EUR 1,000</b>	EUR 1,000
Lease expense	<b>180</b>	180
	<b>180</b>	180

***Leases as lessor***

The Group leases out its investment property (see note 19) and a part of its warehouse (for a part of 2013).

***Future minimum rental receivable***

At 31 December, the future minimum rental receivables under non-cancellable leases are as follows.

	<b>2013</b>	2012
	<b>EUR 1,000</b>	EUR 1,000
Less than 1 year	<b>13</b>	—
Between 1 and 5 years	<b>21</b>	—
More than 5 years	—	—
	<b>34</b>	—

## 28. Off-balance sheet commitments

### Commitments for the purchase of property, plant & equipment

At 31 December 2013, the Group had commitments of EUR 448 (2012: EUR 0) relating to the purchase of property, plant and equipment items.

### Guarantee facilities

At 31 December the Group had the following guarantee facilities:

Name	Type	2013	2013	2012	2012
		Total facility EUR 1,000	Guarantees provided EUR 1,000	Total facility EUR 1,000	Guarantees provided EUR 1,000
Euler Hermes Interborg N.V.	General	15,000	5,228	15,000	11,874
Nationale Borg Maatschappij	General	10,000	2,203	10,000	9,217
Cooperatieve Centrale Raiffeisen					
Boerenleenbank B.A.	General	7,500	2,417	7,500	7,252
ING Bank N.V.	General	7,500	2,276	7,500	4,834
Nationale Borg Maatschappij	Project	20,659	20,659	—	—
Cooperatieve Centrale Raiffeisen					
Boerenleenbank B.A.	Project	31,058	31,058	—	—
Total		91,717	63,841	40,000	33,177

The Group and its shareholder are jointly and severally liable for all amounts to which Euler Hermes Interborg, Nationale Borg Maatschappij, Cooperative Centrale Raiffeisen Boerenleenbank and ING Bank N.V. have a right to claim in relation to the above mentioned guarantees.

## 29. Related parties

### Shareholder and ultimate controlling party

The Company's shares are owned by .S.I.F. Holding II B.V. The ultimate controlling party of the Group is Egeria Capital B.V.

### Transactions with the shareholder

The shareholder charged a management fee to the Group of EUR 607 (2012: EUR 505). At year-end a receivable on the shareholder of EUR 18,466 (2012: EUR 23,420) is included in the group financial statements.

Income tax charges for the year are settled by the shareholder as head of the fiscal unity. The variable component of the interest expenses are paid by the shareholder, whereby the Group reimburses the shareholder for these payments. The payments to the shareholder related to income taxes amount to EUR 5,811 (2012: EUR 9,582) and related to interest amount to EUR 1,113 (2012: EUR 1,085). These amounts are included in the cash flow from operating activities.

During the year, the Group transfers funds to the shareholder, which are recorded as current account with the shareholder in the statement of financial position under trade and other receivables. The funds transferred amounted to EUR 21,937 (2012: EUR 19,662) as reflected in the cash flow from investing activities. Dividends declared are settled against the receivable balance. The annual shareholders' meeting declared and approved, on 12 May 2014, EUR 18,466 dividend, on 7 May 2013 EUR 23,420 dividend and on 4 June 2012 EUR 23,537 dividend.

### Transactions with key management personnel

Key management personnel compensation comprised the following:

	<b>2013</b>	2012
	<b>EUR 1,000</b>	EUR 1,000
Short-term employee benefits	<b>528</b>	249
Post-employment benefits	<b>85</b>	33
Management fee	<b>607</b>	505
	<b>1,220</b>	787

Compensation of the Group's key management personnel includes salaries and contributions to a post-employment defined contribution plan (see note 11).

### 30. Events after the reporting period

No events after the reporting period have occurred.

**Independent auditor's report**

To: shareholders of S.I.F. Beheer B.V.

**Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements 2013 which are part of the financial statements of S.I.F. Beheer B.V., Roermond, and comprise the consolidated statements of financial position as at 31 December 2013 and 2012, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

*Management's responsibility*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the consolidated Financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion with respect to the consolidated financial statements*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of S.I.F. Beheer B.V. as at 31 December 2013 and 31 December 2012, its result and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Eindhoven, 21 September 2015

Ernst & Young Accountants LLP

Signed by:

M. Moolenaar

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