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DEME Full Year 2022 Results

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Carl Vanden Bussche: Good morning, ladies and gentlemen. I am Carl Vanden Bussche, Head of Investor Relations for DEME.

It is a real pleasure to welcome you to DEME's Full Year 2022 Results and the Analyst and Investor call, the first full year results released since the company got stock listed in June of last year. We're happy to welcome all of our analysts and many investors from many different countries.

With me today, Luc Vandenbulcke, CEO for the company, and Els Verbraecken, CFO. Both Luc and Els will take us through the presentation on the full year results. This presentation will be on screen during the webcast, and is also available on the DEME's Investor portal since early this morning.

On slide two agenda for the presentation of today. Luc will open up with the exec summary, after which both Els and Luc will provide some extra colour on the Group results, the segment performance and some words on DEME's progress in the ESG domain, to then wrap up with some outlook comments. After the presentation, we will open up for a Q&A round, where you will have the opportunity to ask questions to our management team.

That's it for the introduction. I give the floor now to Luc, who will kick it off from slide three onwards.

Luc Vandenbulcke: Thank you, Carl, and good morning to all of you. Thank you very much, indeed, for joining us on this very special day, as it is the first time we announce our full-year figures as a stock listed company.

I would like to kick-off a little bit with reintroducing our segments for those who don't know DEME that well. DEME is a global and leading marine solutions provider, organised around four distinct segments, which are outlined here on the slide.

So we have Offshore Energy, Dredging & Infra, Environmental and Concessions. The Offshore Energy segment highlights our key role in the clean energy transition. DEME took the decision to enter into the renewable sector right in the early days of this development, and that means about two decades ago.

Today, we are proud to say that we are the world's number one offshore wind contractor, and we have an established presence in the oil and gas industry too. In that industry, we perform a wide range of activities, including landfalls, rock placement and decommissioning services.

The second segment is the Dredging & Infra segment. It is at the heart of DEME. We have been creating new land for the future for more than 145 years. Our cap – our dredging activities are performed worldwide, and they encompass both capital and maintenance dredging works. Land reclamation and coastal protection also form part of this.

Those activities are complemented and reinforced by our Infra activities, which mainly include inland waterway infrastructure, port construction, and immersed tunnels.

And we have the Environmental segment. In this segment, we offer, amongst other innovative solutions for soil remediation and brownfield development, including the cleaning and recycling of polluted soils. And of course, we also proactively create solutions for contaminated land.

The last one is our Concessions segment. And unlike our contracting segments, the Concessions segment is the development, investment and asset management arm that provides a unique combination of technical and financial capabilities.

Our current portfolio includes offshore wind farms, of course, port concessions and marine infrastructure. And in addition to those, we are developing a green hydrogen production plant and we also have a deepwater exploration arm.

Now moving to the executive summary. I'm very proud to say that 202020[?] for DEME was a momentous year. We became a publicly listed company in the middle of the year in June, and even though, as you know, we were operating in a year defined by, I would say, geopolitical tensions, rising inflation and also a bit the tail and the after effects of COVID, I'm really pleased with the performance and the results as we can present them today.

We have accomplished many industry firsts, including the installation of the largest ever monopile foundation installed in Europe, more than 2,000 tonnes, and the completion of an entire offshore wind farm into a rocky seabed, and this, the last one was done well ahead of schedule.

I'm personally delighted that DEME is helping to bring clean energy to hundreds of thousands of homes each year. We contributed to nearly 2,800 megawatts of capacity in 2022, which represent an increase of 50% on the previous year. It is good to see that we are making a solid progress, and that we're helping the world to achieve the clean energy transition. On top of this, for our own target, we beat our 5% target concerning the use of low carbon fuels.

And then moving to the right-hand side of the slide, of course, the interesting part on the figures. We have achieved an all-time high order book and turnover. Our order book reflects our strong market positioning and several substantial wins, particularly in the Offshore segment.

Also the Group turnover grew year-over-year, supported by growth in all four segments. The profitability for the year was, as we anticipated, essentially stable compared to 2021.

As you will see, DEME's capital expenditure saw a significant increase as we continue to invest in our fleet of the future. Our new vessels, such as the floating offshore installation vessel, Orion, and our giant cutter dredger, Spartacus, recently joined the fleet. And we continue to invest to expand our fleet even further.

On the back of these results, applying an approximate 33% pay-out ratio, we are proposing a gross dividend of €1.5 per share.

I will now hand it over to Els, who will take you through the financial highlights a bit more.

Els Verbraecken: Thank you, Luc, and also from my side, a very good morning, and a warm welcome to all of you. Before going into detail on the figures, let me focus first on some key takeaways on our Group financial highlights.

Looking at these highlights, I think it's fair to say, and as Luc already mentioned it, we can be proud that we are showing quite nice results for a year in which we were confronted with geopolitical tensions, high inflation, increasing commodity prices, and a more cautious stance of some customers. And also don't forget that, at DEME level, we had ongoing important

investments in the further expansion of our fleet, as well as a lot of expenses on vessel maintenance.

But so, first of all, Luc already mentioned it briefly, record high order book and record high turnover, respectively, up 5% and 6% as compared to 2021. Also EBITDA went up slightly in absolute figures, though not pro rata the increase in turnover. I'll come back to that topic later on. We have seen higher regular depreciation but no impairments, and this has led to a higher EBIT as compared to 2021. Whereas on the other hand, the net profit then is slightly below the 2021 level, and this is mainly due to negative exchange rate results. I'll also elaborate on that later on.

As already mentioned, an important CapEx of €484 million, reflecting the further expansion of the DEME fleet and also including important dockings. And this, of course, leads to a higher net financial debt, although, very limited increase and a debt still very well under control, with a leverage ratio of 1.09.

Looking a bit more in detail into 2021, first the Group turnover, as mentioned, a record high. When we compare it with the years before the pandemic, 2018 was closest to this number, where we had a turnover of €2.646 billion. The growth has been – seen in all segments with 5% and 3%, respectively, for the Offshore Energy and Dredging & Infra. But for the Environmental business, we really saw a boom, a growth of 24% and which made the Environmental a business plus €200 million turnover business.

But looking then at the segment breakdown, we can hardly see any change in the relative positions of each segment. In 2022, Environmental represented 8% of turnover, the Dredging & Infra 57%, and the Offshore Energy 35%.

From a geographical point of view, Europe remains by far the most important region with 75% of turnover. And whereas the Africa share went down a little bit, Asia and the Americas are growing.

As for the profitability, Luc already mentioned it once again in the executive summary. It's fair to say that the overall Group profitability remains stable as compared to '21.

First of all, let's have a look at the EBITDA. You might remember that the EBITDA in '21 included the liquidated damages for the Spartacus. In '22, we have included almost €19 million liquidated damages for the delivery of the Orion. So EBITDA in absolute figures went up by €5 million. This is, however, not pro rata the turnover. So the EBITDA margin was slightly lower, due amongst others to the higher number of dockings, which we already mentioned a few times, high inflation, geopolitical tensions that were translated into some circumstances, mainly for the Dredging & Infra business.

So EBITDA, in 2022, powered mainly by the Offshore business, whereas in '21, you might remember that it was mainly Dredging & Infra powering the EBITDA.

If we then have a look at the EBIT level, we see that EBIT increases a bit more by 8% when we compare to 2021. And we end up with an EBIT margin of 5.8%, even though we had higher regular depreciation, but on the other hand, we did not have any impairments in 2022. I'll come back to that later on.

Then looking at the net result. Net result about €2 million lower as compared to '21, mainly impacted by the negative forex result. And this leads to an earnings per share of €4.45.

Just a few words on some specific items. Depreciation, I already mentioned it. In '21, in the €326 million, we had €35 million impairment included. Whereas for the number in '22, €319 million, it's mainly regular depreciation and so no impairment, but a full year of depreciation for Spartacus, Groene Wind, Pearl River, and also half year for the Orion already.

Then looking at the financial result, I already mentioned it a few times, there's quite an impact of the forex result, whereas in '21, the financial result was still impacted by a plus 6 forex results – plus €6 million forex result. The 2022 result is impacted by a minus €11 million forex result. So a difference of minus €17 million.

We also have, of course, increased interest costs because we have taken out additional loans. We already mentioned that in June. I'll come back to that later on. On the other hand, this increase of interest cost has been largely offset by interest income and other financial income.

The forex result mainly relates to the Egyptian pound and the US dollar currency. And it's mainly due to the fact that we, of course, have current accounts in currencies that we still need to pay costs for the futures because you know that under the contracts, all payments are usually hedged.

Another line which deserves a little bit of attention is the line below. So the share of profit or loss in joint ventures and associates. We see here a result of €16 million euro. Part of that can be found in the result of DEME Concessions, €9 million more or less. And the rest is thanks to joint ventures. Please note here that for the future, we expect this amount to increase because our activities in Taiwan will be situated within a joint venture we have with our local partners. So within the joint venture, CDWE.

The CapEx, we've been talking about it already a few times. You can see that we are very close to the €500 million that we announced in the updates previously. What is included? First of all, of course, the Orion that joined the fleet in 2022. Also some conversion investments we made to the Viking Neptun and the Sea Installer. And we have also bought a bulk carrier that is being converted into a fallpipe vessel. And part of the docking costs is also capitalised in this amount.

When looking at the figure, please note that two things or two items are not included. First of all, the investments in the Green Jade. As you probably are aware of, the Green Jade is a vessel of our joint venture in Taiwan CDWE. So the figure is not included in the €484 million, nor are the investments made by DEME Concessions in financial fixed assets. So these are not included in the €484 million.

Despite this important CapEx figure, I think I can state that our debt is very well under control. It increases, of course, from €393 million to €521 million, which is all in all a very limited increase proven by our covenant, of course, net financial debt over EBITDA, standing at 1.09%.

I already mentioned it briefly. In June, we took out 440 more – €440 million new term loan facilities, which makes, of course, that our cash is about the same level as the 2021 level. Also, the operating working capital remains more or less at the same level of 2021.

Now some more details perhaps on the order book. The order book has increased to an all-time high above – well above €6 billion. We see here a little bit of a shift in the different segments as compared to the split of the turnover. Environmental representing 5% of the

order book, Dredging & Infra 42%, and Offshore Energy 53%. This is slightly different from the percentages that we have shown in the 2022 turnover.

Looking at the geographical breakdown. Here, we also see quite some shift in the turnover of 2022. Europe is still representing 75% of the turnover. In the order book, we see the Europe share declined to 55%, so still well above 50%. But we see, of course, an increase for Asia and the Americas, thanks to the sizable wins that especially Offshore Energy has done around the globe.

And this order book provides a nice visibility for the next three years, 37% in 2023, 26% in 2024, 24% in '25, and also 13% beyond that year.

So I think for now we have discussed, let's say the most important Group figures. So let's dig a little bit deeper into each segment. Luc will give you an extensive update on those, but I'll still quickly guide you through the most important key figures per segment.

I think turnover we already mentioned a few times, growth in all segments with, of course, 24% for the Environmental business, being a great achievement.

Looking at the EBITDA, what I want to stress here once again, which we have done already several times in the past is the importance of our diversified sources of income.

If you take, for example, a look at the '21 and '22 figures for the two largest segments, Offshore Energy and Dredging & Infra, you see that in '21 EBITDA was driven mainly by Dredging & Infra. You might remember the contract in Egypt being in full swing. This contract is not as extensive anymore in 2022.

And we also had the important amount of dockings in 2022, mainly in the Dredging & Infra, and we had the geopolitical tensions and its consequences, leading to redeployment of the vessels that we were planning to use in Russia. Together with a more cautious stance of some customers, this has led to the EBITDA margin to come down from 21% to 17% in the Dredging & Infra.

On the other hand, the EBITDA margin in the Offshore Energy was, in '21, a bit on the lower side. You might remember that we had quite some projects in the startup phase in '21. Those projects have either been in full swing in 2022 or have been successfully completed in 2022. And this leads to a nice EBITDA margin of 23% in the Offshore Energy.

The Environmental business increase in turnover, increase on EBITDA margin. So nice EBITDA of €25 million on a turnover of €206 million. And you will remember that this business is less capital intensive. So also EBIT margin of 8% is a nice achievement.

Then looking briefly at the Concessions business, we have mentioned already several times that the metrics for this business are a little bit different from the other segments. So what's the main important point for us is the contracting revenue that has been generated since the start of the Concessions business. You can see the number. And then looking at the results, the net result from the associates within Concessions was €9 million for 2022. And this represents 8% of the net result of the Group.

You should, of course, remember that in some years, we also had the plus value on the sale of certain of our participations. And that, of course, comes on top of the numbers that you see

here. In 2020, we sold our participation in Merkur, which generated €64 million EBITDA for the Group in that year. In 2021, we still had an additional €12 million added to our EBITDA.

So I think this was the most important I wanted to say on the segments. I'll hand the floor back to Luc, who will give you a more operational update as well, I think. And he will also come back on ESG and the outlook.

Luc Vandebulcke: I will. Yeah, thank you, Els. Now that you had a glimpse at the segment figures, let's have a more detailed look into the business of each of our segments. I'll start with Offshore Energy. And on this slide 16, you see the result charts and the key figures, as Els explained, and these are just again for your reference.

Now the DEME Offshore order book amounts around €3.3 billion, as you see on the left there. And that's of course end of 2022. And big contributing projects are shown on the slide. Let me take you briefly through each of them.

So in August the joint-venture DEME and Van Oord were awarded the Darwin pipeline duplication project. It's a project which remarks our return to Australia. The joint venture will be responsible for providing support for the shallow water pipeline installation in the Northern Territory waters, and that includes trenching, pipe pull operations and the rock placement work.

Now the another one which you have on the list here is Coastal Virginia Offshore Wind project for which we are in the preparation and engineering phase. It's a project that entails a 2.6 gigawatts offshore wind farm that will consist of 160 – 176, that's it, wind turbines, three offshore substations to connect – to collect and bundle the energy undersea cables to get it ashore and new onshore transmission infrastructure.

Additionally, for this year, preparation are ongoing on the Vineyard Wind project that will consist of an array of 62 wind turbines. And on that project, DEME Offshore Energy will transport and install the foundations the transition pieces and the turbines by means of feeder barges. It also includes the installation of scour protection.

In the UK then, three offshore wind farms with a combined capacity of 3.6 gigawatts will be installed and that's called the Dogger Bank project, Dogger Bank A, B and C. And DEME Offshore Energy will install the inter Array Cables on each of those three wind farms.

In November then we announced the contract win for the Hai Long wind farms in Taiwan. And this is a milestone deal between CSBC-DEME Wind Engineering, that's CDWE, that's our joint venture in Taiwan as you know. And Hai Long Offshore Wind farm following about three years of planning and preparation under preferred bid – bidder agreement. The contract scope for this contract covers the transportation and installation of the foundations, the turbines and the offshore substation.

The pre-piling works are set to start, that is in 2024, and that is to instal 73 wind turbines. Our new offshore installation vessel, which we have in the CDWE joint venture called Green Jade is currently under construction in Taiwan and will enter operations in the course of this year. And it will, of course, play a major role in the delivery of the Hai Long project.

Noteworthy may be also on this slide is the fleet utilisation rate within Offshore Energy, which shows a slow down a bit compared to '21. And that's mainly due to the fact that in the second half of the year, we have seen some shifts, first of all, of cable installation projects and they

have been shifted into 2023. While in parallel, we have started already end of '22 the preparation for some of our vessels to go to the US for, amongst other, the mentioned projects.

Now to complete a bit the picture of what's going on for the fleet. So, as said before, the Orion has joined the fleet in the second quarter of 2022. Sea Installer is currently being equipped with a 1,600 tonnes crane. So that's an upgrade from the crane it has today. Viking Neptun is expected to join the fleet here in the first quarter of 2023 after we will be boosting its capabilities and its capacity by adding a second 7,000 tonne cable turntable.

And also, of course, as mentioned in the previous slide, Green Jade will be welcomed during 2023 in the fleet and that in the joint venture with CSBC.

Now, finally, in light of upgrading our fallpipe vessel fleet, DEME has taken the decision to invest in a new DP fallpipe vessel, and we are doing that by purchasing and converting a bulk carrier, and that new vessel is set to join the fleet in the first half of 2024.

Now on this slide, slide 17, I will not go all – through all details of all these projects, but a little bit – a couple of examples of some key projects in 2022 and the vessels that have been deployed on there.

The first one is the Arcadis Ost project, which is, I think, a great example of how this Offshore Energy segment shows where DEME makes the difference. We have been installing XXL, so extra extra-large monopiles here, the largest monopile foundation ever installed in Europe may weighing more than 2,000 tonne each. So this was a first successful assignment for our revolutionary, if I may say, floating installation vessel, Orion.

A second example is Saint-Nazaire. So in Saint-Nazaire, we also delivered an industry-first with the jack-up vessel, Innovation, which you can see in the picture here, drilling more than 70 extra-large monopile foundations directly into rock, that has been carried out in quite harsh Atlantic condition on the West Coast of France.

For this installation, DEME Offshore, for the first time, deployed its 350-tonne offshore foundation drill and our tailor-made MODIGA, another DEME innovation and an industry-first technology, which allows to encapsulate the drilling and installation operations and which shields them from these very harsh Atlantic marine conditions.

On top of that, we can also mention that we recently announced the île d'Yeu and Noirmoutiers contract win, which is also in the West of France in a rocky area, quite similar to the Saint-Nazaire project. The execution of this is due to start second half of 2023.

Also worth mentioning and that is then in the non-renewables sector of this segment is the installation works for the intakes and outfall heads at the Hinkley Nuclear power stations, where we have done some dredging works and installed the intake and outfall heads.

At the RWE's KasKasi II Offshore Wind Farm in Germany, a lot of the DEME Group vessels have been deployed. We had the Sea Challenger and Living Stone. There were a number of project accomplishments including the foundation, transition pieces, inter array cables and wind turbine installation. And we have developed there again smart technical solutions, which allows us to fastly change the installation modus between transition piece installation and wind turbine installation, which made up for a swift installation of this project.

So, if we then turn to the next segment, which is our Dredging & Infra segment. So you can see in the key figures and Els has also mentioned it that Dredging & Infra were somehow more impacted by the challenging geopolitical and environmental – economic environment in 2022. The order book reaches, as you can see here on the left of the slide, around €2.6 billion at the end of the year. And we – you can see also here, a number of noteworthy order book additions.

So the ones I would like to mention is the Livorno, which is considered the biggest dredging project ever in the country; the new container terminal port of Gdansk; also contract wins which are not shown here on the slide on the Indian subcontinent, and both Central and South America. And you have again a couple of examples there with the maintenance works on the Martin Garcia canal in Uruguay and the deepening works on the access channel towards the port of Altamira in Mexico.

In terms of fleet utilisation, you can see a bit of a mixed picture here compared to 2021. The hopper fleet has had a bit lower occupation, but at the same time, we have seen an increase of the occupation of the cutter fleet. So the slightly lower occupation on the hoppers is mainly due to the already mentioned increase in the number of dockings.

So we are on slide 20, and you can see on the right a map illustrating our global geographical footprint. But on the left a couple of interesting projects, which we have either accomplished last year or which we are currently busy on and some of them which will run in the coming years.

So I'll just mention a couple of them which you can see here on the slide, maybe starting with a particular dredging project, which is the Szczecin-Świnoujście Fairway project in Poland, that one was finished in the first half already of 2022. And our Dredging & Infra segment was involved in the complete scope of this project. So the project included UXO, which is unexploded ordnance survey, removal of them over length of the fairway of 62 kilometres, deepening works, construction of two artificial islands, the installation of the slope revetments along in the fairway that is, and the reinforcement of existing quay walls.

Another big project is the Abu Qir II project in Egypt. So operations slowed a bit in 2022 compared to the peak load we had in 2021 on this project, and that's for a number of reasons. Amongst others, I would say a more limited workfront available for the dredging works that has to do with the installation of the breakwater. And on this project, we expect to see the works ongoing until well in 2024.

As we mentioned before, in 2022, we welcomed our most powerful cutter suction dredger, Spartacus. And we are happy to have seen it work in Leixões for the deepening of the Leixões Port in Portugal. And this scope included capital dredging works, including here and that's very specifics, but for the Spartacus substantial amounts of rock dredging and also a partly a construction of a new breakwater.

In the Infra part of this segment, we are working on the first phase now of the Fehmarnbelt Fixed Link Project also a long-announced project. It's called a bit the infrastructure project of the century, especially in Europe. It's building the longest immersed road and rail tunnel in the world connecting Denmark to Germany.

Another project which you can see here on the bottom left is the Port-la-Nouvelle project. We will also mention it in the Concessions segment, that is a port expansion project. And we are also working on the Blankenburg project and the New Lock Terneuzen in the Netherlands.

In Belgium, DEME forms part of a number of consortia, who are responsible for two contracts, for the prestigious Oosterweel Connexion, a long-awaited project also which will complete the Antwerp Ring Road.

That brings us to our Environmental segment. So the strong growth in the activities of DEME Environmental is further reflected in the growing order book, and in which we had new wins in Norway, France, and also follow-up projects and new wins in Belgium and the Netherlands. And compared to the end – at the end of 2022, the order book of DEME Environmental stood at €313 million compared to €255 million the year before.

DEME Environmental is really setting new standards in the history, and it's also introducing new methods such as evidence-based remediation, and our innovative PFAS pollution cleaning solutions. And as you know when the people from the Netherlands and Belgium know that this is really a big issue in our countries.

The segment has also recently boosted this capacity, and that you can see in the order book, by making additional investment in its soil recycling segments.

Also, this team had a very busy year with large scale projects such as the Blue Gate project, that is a huge, historically polluted brownfield site and the site in the south of Antwerp in Belgium and where DEME Environmental is responsible for the clean-up of the historical contamination.

In France, on the Condé-Pommeroeul project, the inland waterway dredging has also started and more than 1 million tonnes have been dredged there and transported to storage sites.

Furthermore, during 2022, the Gorinchem-Waardenburg – so Gorinchem-Waardenburg, GoWa project in the Netherlands has kicked-off after also here a long period of two years of designing and permitting. This project consists of a 25 kilometres dyke reinforcement project and which is particular for this project is that that this is based on an alliance type of contract. It's quite a unique concept, starting with designs permits and under a maximum budget jointly between the client and the contractor, and that is working under the principles of an open book. So quite particular format of contract.

That takes us to the Concessions with a nice picture here of the Port-la-Nouvelle project. The Concessions segment has an economic ownership of a total of 144 megawatts of wind energy from offshore concessions that are in operation and generating a stable recurring income.

So in building the pipeline here, we were very happy to secure through our consortium, Thistle Wind Partners, TWP, so we have won two ScotWind leases. And those two projects totalling two gigawatts of offshore wind include both a fixed and a floating foundation project site.

Within the Concessions, we also do Dredging & Infrastructure projects and our team continued their focus on operating and expanding the Port of Duqm that is in Oman, and on the multiyear Blankenburg tunnel project in the Netherlands, as well as the mentioned Port-la-Nouvelle project in France, where we have been awarded a 40-year port concession, again, in a consortium with other partners. This port is undergoing a major redevelopment including the creation of a strategic hub for the offshore wind industry.

As you know, DEME has always been a pioneer and we are also a frontrunner in the growing green hydrogen sector. We are happy to announce that good progress has been made in the development of the HYPOR Duqm project, with a second land reservation agreement that was signed in June 2022. And that reservation agreement was signed with the public authorities in Duqm, Oman.

HYPOR Duqm is really a strategic project encompassing the full value chain starting with 100% renewable energy, the production of green hydrogen in electrolyzers, and then the conversion to green ammonia.

Now, in line with our aim to tackle global challenges, such as the scarcity of our planet's resources, our Concession portfolio also includes Global Sea Mineral Resources. And that is better known as GSR, and GSR is continuing its research around the collection of polymetallic nodules from the deep ocean floor. In this activity, we take a careful step-by-step approach and we are working alongside the scientific community, and of course, other stakeholders so that we can fully understand the baseline environment that we find there in the Pacific.

It's also announced very recently that Concessions has entered in a strategic cooperation in this domain with the company, Transocean, whereby Transocean contributes both an ultra-deepwater drilling vessel and also contributes a cash investment.

Of course, very important to the Group, ESG and safety. DEME is really continuing its ambitious strategy to play a leading role in the clean energy transition. And this is reflected here and maybe a bit busy slide number 27, where we provide a couple of proof points of the progress that we are making in these fields.

In 2022, we already mentioned it, we contributed to nearly 2,800 megawatts of offshore wind energy, an increase of 50% that is compared to 2021. So a couple of key milestones where the completion of the offshore wind projects, as discussed before, that is, you can think of Arcadis Ost, Kaskasi II, Saint-Nazaire and many other projects on which we worked in this field.

Now in line with this clean energy ambition, our Concessions segment secured the rights to develop, as mentioned, the ScotWind project, and we are kicking off the green port development of Port-La-Nouvelle.

And in addition to offshore wind, we are focusing on other forms of clean energy, such as the production and storage of green hydrogen, which I spoke about earlier on.

Of course, it's worth adding that in the Environmental business itself, we are contributing to a shift towards the circular economy by remediating and cleaning polluted soils and sediments. Alongside these environmental works toward the outer world, the Group is lowering its own carbon footprint. One initiative is to increase the consumption of low-carbon fuels within the fleet. And we made a solid progress in 2022 and even exceeded our target. This is done through a step-by-step approach again, and the step-by-step approach to make our fleet more sustainable.

The Orion, for example, has dual fuel engines, and was powered by LNG for the duration of the Arcadis Ost project. Also the recently announced Viking Neptun features the latest environmental technology, including a battery pack for best-in-class fuel efficiency and more sustainable operations.

Safety, of course, is for a Group like us, our main priority and we have to remain continually vigilant, yeah. The worldwide LTIFR, so the lost-time injury frequency rate for the year 2022 was 0.22 – 0.23, excuse me, which was a little above the target of 0.20. And that due to, of course, a slightly higher number of accidents, albeit, luckily with a similar level of severity compared to 2021.

Now, that being said, of course, to address this, we took immediate action, and we introduced even more safety guidance and inspections. So that's a point we take, as always, very seriously.

In 2022, DEME Offshore Energy succeeded in further improving its EcoVadis score, resulting in a gold medal status this time and placing the company in the top five of companies evaluated by this sustainability metric. DEME Offshore also improved its CDP, which is this Carbon Disclosure Project score as you can see here on the slide.

Further to this, we were also very proud to win the first prestigious Trends Global Impact Award, which recognises companies that create sustainable value for society. Additionally, and that's on the financial side in line with our ambitious sustainability goals, which cover all aspects of our business, the Group converted under the leadership of Els, its long term-loans, totalling €843 million, all into sustainability-linked loans.

Now if we go to the outlook and the dividend. So, as a management, I can say that we are very positive about our future, especially when considering the robust demand trends that are driving our business. And, of course, you see the increasing need to address climate change and achieve the energy transition targets worldwide, there will be many opportunities coming along for DEME, especially in our Offshore Energy segment and which I think is in a great position to extend its global reach.

Now, if you take into account our current backlog, and the current – and of course, also projected to fleet capacity, we expect to see a gradual increase in turnover over the next few years. As we are, of course, largely needless to mention a project-based company, the EBITDA margin will vary, and – but we still expect that that will stay in the range of 16-20%.

For this year, for 2023, we are confident that there will be growth in turnover compared to 2022. We expect to see comparable EBITDA margin, given the current order book – given, of course, the current order book, given also our fleet capacity, and given the strong demand. To support our future growth, we will be continuing to invest in our fleets and the CapEx is expected to be around €500 million in 2023.

And then finally, the Management Board, as we said already, in summary, is proposing a gross dividend of €1.5 per share.

I think that concludes the presentation, and I would like, on behalf of myself, Els, and the management team, thank you all very much for joining us. And I will now give the word back to Carl for the question and answers session. Carl, back to you.

Questions and Answers

Carl Vanden Bussche: Thank you. Thank you, Luc, and Els, for your insights on our full-year results. We are now ready to open up for the question and answer round. And we have two ways of asking a question. For people on the conference call line, you can dial star one and the operator will put you in the waiting room after which you will be able to ask the question. For people in the webcast, you can use the chat forum to shoot a question to us. From our side, we will manage the inflow and try to mix and match your questions. For the webcast chat or actually for both channels, please one question at a time. This will also allow us to manage to cover all of the questions. We are now ready for the first question. And we see some questions coming in over the conference call line. We take some of them first. Guy Sips, you will be the first to ask a question to our management. Welcome, Guy.

Guy Sips (KBC Securities): Hi. Congratulations with very good results. First – yeah, question is on the fleet utilisation rates in Offshore Energy, which came down from 42 to 34. You gave some explanations why that happened. But is [inaudible] – yeah, do you expect this to stay at this level? Or do you anticipate that by year-end that it could be reversed back to this 40, 42 level?

Carl Vanden Bussche: So, on fleet utilisation, perhaps we should break it down Offshore versus Dredging & Intra. Perhaps Luc, you take it first.

Luc Vandenbulcke: Yeah. I will take the question. I understood, Guy's question was mainly related to the offshore fleet. And that's the way I interpret the question.

Now, indeed, we will see a further, let's say, phase in the beginning of the year of preparation of vessels that will be deployed, both in the US and also in Taiwan. But at the same time, you're right, we should get back to more or less historical figures towards the rest of the year. So we have – the 34 weeks here are clearly because of the mentioned effects, two-folded, preparation of a number of vessels, which didn't contribute to the active weeks and the fact that a number of particularly cable projects are shifting from '22 into '23.

Carl Vanden Bussche: Yeah. Thank you, Luc. Next question in line is from Luuk Van Beek from Degroof Petercam. Luuk, welcome to the call.

Luuk Van Beek (Degroof Petercam): Yes, good morning. I have a couple of questions about your backlog, which I would like to group. So one is about the mix of projects in startup phase in full operation and in completion phase. Can you give an indication about the rough split for 2023 compared to the last two years? And I was wondering if you look at the dredging backlog, then there's some quite some port projects in it and very little oil and gas? Well, that seems to be recovering. Do you see, in your tender pipeline, opportunities to increase the share of oil and gas that the market that remains subdued?

My final question on the backlog is that if I look at the level at the start of the year and at the start of 2022, you had in hindsight about 75% covered with your backlog. If I look at your guidance for '23 compared to your current backlog, then you seem to have covered already slightly more than 80%. So are you a bit more cautious only expect to order intake this year or is there any explanation for that?

Carl Vanden Bussche: Luc, are you willing to take one, two questions? Yeah.

Luc Vandenbulcke: There's a bit of questions, mixed questions. Maybe let's stay – start with the last one. So that was on the order book position, which we already have for 2023. I don't think we are very cautious there in terms of what we have. We will have a further order intake as it comes. We have quite some projects coming up both in tender. And I don't think there's any cautiousness in there.

In terms of order book for oil and gas, I understood your question what part of it would be in oil and gas but you were referring to dredging. Could you rephrase a bit your question there?

Luuk Van Beek: Yeah, the question is, basically, if you see [inaudible] getting that market and more opportunities for ordering intake than in the past year?

Luc Vandenbulcke: Well, we see quite some projects coming up mainly in the Middle East for oil and gas, that's a fact. We see some projects, and that's, I would say, worldwide, but focused on Europe for LNG projects. So yes, we are tendering on that. And part of our order book contains such projects.

Luuk Van Beek: Okay.

Luc Vandenbulcke: Yeah.

Luuk Van Beek: And on the mix of the project status?

Luc Vandenbulcke: Yes, on the mix of the project status, I understood your question to be how much exactly of the projects are in preparation and how many of the projects are in execution? I don't think there is any, I would say, deviation from the last years there. We have – it's true we have some big projects coming up. But that is – it has to do with the seasonality of our projects. So in the Offshore Energy, for instance.

Of course, the – let's say, the heaviest activity is usually in the spring and summer seasons. And that will be the same not different this year from the previous years. So the mix of preparation ongoing, I think, is no different from previous years.

Carl Vanden Bussche: Okay, yeah. Thank you, Luuk.

Luuk Van Beek: Yeah, thank you.

Carl Vanden Bussche: Thank you, Luc. Both Lucs. Over to a question from Thijs Berkelder from ABN AMRO. Good morning, Thijs.

Thijs Berkelder (ABN AMRO): Yeah, good morning. Congratulations on the nice delivery in 2022. As you see in the questions, a main focus on 2023. Can you maybe give us a bit of more flavour on your outlook, or segment in 2023? If I look at it, to me Offshore Energy, you're in big startup mode in US and Taiwan. And as I recall, it started but you're not recognising that much revenues further. When do you really expect the Green Jade to be operational in that sense? And what do you expect from the European offshore wind market in '23 versus '22?

Then on Dredging, your cutter occupancy was very high last year. Your hopper occupancy relatively low. Is it logical to assume that to be roughly vice versa in '23? And can we maybe also have a bit of an outlook on the Infra segment? I guess your Fehmarnbelt tunnel project has started as is and is running, to get some flavour there.

Carl Vanden Bussche: Yeah. Thank you, Thijs. You already give part of the answer sometimes in the question. But thank you for that. Luc or Els, any one of you who wants to kick it off?

Luc Vandenbulcke: Yeah. Indeed, I would say, Thijs, you're summarising quite value in your question what I would like to answer. So we don't go into the details of '23 outlook segment per segment but given – giving it a bit of flavour on the offshore, we have, as mentioned in the last – in the previous question, we have a number of projects that we are starting up, large projects, the Vineyard project in the US and the Zhong Neng and Hai Long projects in Taiwan, but I would say that is no different than from previous years. And certainly in these new areas, the project will be kicked off rather in spring than in the middle of the local winter.

In terms of dredging, yes, we had a cutter occupation which was at a decent level, and we expect for 2023 rather the hopper occupation to come back to more historical levels.

Els Verbraecken: I remind further that we had quite some dockings for the hopper fleets in the year 2022.

Luc Vandenbulcke: Exactly, yeah. So, as Els was mentioning, 2022 was mainly due to high number of dockings that the occupation was slightly lower.

Now, in terms of Infra, we indeed kicked off the works on Fehmarnbelt. We are continuing the works on a number of the major projects in the Netherlands and Belgium. I don't know Els, whether you want to say something about? Because I think Thijs was referring to the 10% threshold.

Els Verbraecken: Yes. For the percentage of completion, you mean? Yes, indeed, you know all probably that below a 10% - percentage of completion, we don't take any margin on the projects. So that also has to be taken into account when looking at the future year. We try, of course, to make estimates on when we reach a 10% completion on a specific project. But you have also read in our press release that sometimes there are shifts in projects so it's very difficult to predict and sometimes we just don't reach 10% or we do reach 10%, which, of course, can make an important difference on a specific year.

Carl Vanden Bussche: Yeah. Thank you, Els and Luc.

Thijs Berkelder: Thank you. Can I make a follow-up?

Carl Vanden Bussche: Well, please queue again. We limit ourselves to one question at a time to allow everyone – unless it is a follow-up question on this particular aspect, Thijs.

Thijs Berkelder: Well, on Infra itself, what kind of revenue growth have we seen in Infra and what kind of margin developments have we seen in Infra in the past year?

Els Verbraecken: I'm afraid we don't give any detail on Dredging & Infra separately here. We consider them to be one segment, Thijs, because of the complementarity between both activities. So sorry, I cannot go into that in detail.

Carl Vanden Bussche: We will still take that as one and the same question, Thijs. We'll move over to David Kerstens from Jeffries. Welcome, David.

David Kerstens (Jefferies): Hi. Good morning, everybody. I think you already kind of answered my question. But I just would like to try again. The outlook for stable profitability at the EBITDA level for 2023. Can you break that down into Dredging and Offshore wind? So

do I understand correctly that Dredging will probably recover from the extensive maintenance programme and the redeployment of vessels in to Europe, and that offshore winds will likely be somewhat lower offsetting the recovery in Dredging because of the startup in Asia and in the US?

Luc Vandenbulcke: Well, I think the – in terms of guidance for this year we have, let's say, on purpose, kept it a Group guidance. So we will not – because also of the project-based character of the Group and the fact that some of the projects, some of our segments are collaborating with each other, we prefer at this moment of the year not to drill down in the individual outlooks of the segments, David.

David Kerstens: Okay, I appreciate that. But if you just focus on Dredging alone, is it fair to say that profitability there should recover after the exceptional conditions you had last year and the high maintenance programme. Is that now completed? And I think you already said that your hopper utilisation would come back this year?

Luc Vandenbulcke: Yes, that's something which I already mentioned. So there we should go back normally to more historical level of the hopper occupation. But let's say in terms of EBITDA profitability and so on, there's a lot more things at play than utilisation only, and again, we are a project-based business. We prefer to give the guidance at Group level at this moment in time. We will be further detailing as the year progresses.

David Kerstens: Okay, thank you very much. I've got a few more but I'll go back in the queue.

Carl Vanden Bussche: Yeah. Thank you, David. Thank you, Luc, for the response. We move over to Tijs Hollestelle from ING. Welcome, Tijs.

Tijs Hollestelle (ING): Yes. Good morning. Yeah, I also had maybe the same questions on that, but I will skip them because you were clear in your answer. Then again, I don't have heard any rumours or I don't have any indications. But do you see any, let's say, material claim negotiations coming up for 2023? And also the same. Do you see any, let's say, large dispute with clients, you could be forced to take provisions for in 2023, just to have an indication and only if it has a potential material impact on the stated numbers.

Carl Vanden Bussche: Els?

Els Verbraecken: Yeah. Perhaps first of all, on the terminology, I think we have to be careful. We are in kind of contracting business where it's absolutely perfectly normal to have negotiations with clients on variations, remeasurements and so on, or change orders. So a lot of people tend to call that quite easily claims, claims situations, but it's actually merely renegotiating of some items in the contract, whether it's a remeasurement or a different type of soil and so on.

As for disputes, I don't see any disputes at this moment, important disputes. But as I said, this does not mean that we will not or might not have substantial negotiations with clients on variation orders or change orders. So I think we have to be a bit careful on the terminology right there. I don't know, Luc, if you want to –

Tijs Hollestelle: Yeah, material financial.

Luc Vandenbulcke: I think the short answer is no to the current status of what we see. But again, we are in contracting business. I guess the rumours are correct this time that there is no –

Tijs Hollestelle: Yeah, that's clear.

Carl Vanden Bussche: Okay.

Tijs Hollestelle: That's answering my question. And also a small follow-up on the trade working capital. So I saw that the costs may be stable a year-over-year.

Els Verbraecken: Yeah.

Tijs Hollestelle: I see with a lot of my other contractors, I cover that there is a quite a negative impact on the cash flow because the situation from the negative interest rate is basically reverting to a more normal status. So there is no cash dumping anymore. Do you expect any impact, let's say, this year from changes in trade working capital, and of course adjusted for the fact that you always have prepayments, but kind of underlying is there a trend that the customers are returning to more normal payment terms?

Els Verbraecken: Actually, I think we haven't seen any different evolution in 2022 from what we have seen in the past. If you look at historical evolution of our working capital, I think we're at 19% of turnover, which is in line with the average we have usually of about 20%, which is also in line with what we have seen over the past years with Boskalis, for example.

We have seen this year, of course, in '22, an important cash out on the investments, which we have partly financed with new term loans. And then, as for the interest costs on the term loans, they indeed have increased but all our interest rates are hedged. So – and still at quite favourable rates. So I think that covers most of the points in your question, I think. But so we don't expect any – let's say any other changes at this moment. And as you say, advanced payments coming in depending on the contracts that we sign, yeah.

Tijs Hollestelle: Yeah. Okay, clear. Thank you very much.

Carl Vanden Bussche: Thank you, Tijs. We move over to Christoph Greulich from Berenberg.

Christoph Greulich (Berenberg): Yes, good morning, and thank you for your presentation for taking my question. I would like to ask on the energy islands, so specifically the ones planned in Belgium and Denmark. Could you give us an update on what is the current status regarding the tenders and the expected size and timing of those projects?

Carl Vanden Bussche: Yeah, I think Luc will take your question.

Luc Vandenbulcke: Yeah, I can take your question. So two parts on it. On the Belgian island, yeah, we expect – the client is Elia there – to take a decision on the outcome of the tender pretty soon now and to communicate on that pretty soon now.

In terms of the Danish energy island, the tender has recently started beginning of this year and should be running for approximately one year. So we will, on these islands, see evolutions pretty soon now I expect.

Carl Vanden Bussche: Yeah. Thank you, Luc. Thank you, Christoph.

Christoph Greulich: Could I just quickly follow-up on the size of those projects and the timing of when those will be executed? Could you provide us any colour on that?

Luc Vandenbulcke: Well, I think that's going quite deep into the projects itself. I think there's quite some press and public knowledge on that. I prefer not to give too much flavour on jobs, which we are looking at in the market. I think there's sufficient public knowledge on that.

Christoph Greulich: Okay, I will go back in the line then. Thank you.

Carl Vanden Bussche: Yeah. Thank you, Christoph. We move over to Andre Mulder from Kepler Cheuvreux now. Welcome, Andre.

Andre Mulder (Kepler Cheuvreux): Good morning. A question on your offshore wind stakes. Of course, it's the public knowledge that your former sister, CFE, wants to sell green offshore? What's your policy? Is there anything of a sort of concerted action by means of you having a sort of right of first refusal? That's one question on offshore wind.

Then on the future projects, those are much larger, and your stakes are also much larger? How will you find yourself? It looks like that that's going to cause equity of several hundreds of millions? And also, I'm curious to know what the timeframe is for those projects?

Luc Vandenbulcke: Yeah. So your first question was around CFE. Of course, that's probably a question for Raymund, on his strategy on selling possibly a stake. They may act independently. And as you have seen in the past, we have, let's say in terms of selling/recycling some of our offshore wind stakes been acting opportunity based. Let's say we have – so on that one, I don't think I can go much deeper.

In terms of the new concessions, yes, you're probably referring to our ScotWind concession, which is, yes, bigger in size, and our stake at this particular moment in time is bigger than in the historical concessions that we have in offshore wind. Also here you have seen our strategy to be both opportunity-based and driven by our own financial capabilities and balance sheet at the time of execution of the project.

For ScotWind, in particular, for instance, we are talking about an execution towards the end of the decade. So we will continue to invest in substantial DevEx[?] in the development of the project. As to the final execution of the project, that will depend on our partners on gearing, interest rates, offtake contracts. So that remains still to be seen how exactly we will go on there, but we feel very comfortable with the stakes and with these very interesting projects, which also have, as you know, a strong additionality aspect with the rest of our contracting business.

And especially, again, on ScotWind, we have two projects, one with bottom fixed foundations, one with floating foundation. So let's say we are happy to have those in portfolio. And as the years go by, we will make a decision on how to further finance and how much of the stake to be kept.

Andre Mulder: Would you say that also for the projects [inaudible] from the execution is more towards the end of the decade?

Luc Vandenbulcke: Yes, I think also on, let's say, on other projects that are coming up, we see that the timelines are a bit more protected – protracted than people are thinking. It seems that countries, especially outside of – even inside Europe, it takes some time to set up the environmental studies. In outside Europe, and I mean, now in – except for probably a couple of Asian countries and the US, you see that there is even no regulation. And even that takes

quite a lot of time. So yes, I also think that those will not be before, let's say, certainly second half of the decade, rather towards end of the decade.

Carl Vanden Bussche: Okay.

Andre Mulder: Okay, thank you.

Carl Vanden Bussche: Yeah. Thank you, Andre. We also have a question from Thomas Martin from BNP Paribas. Thomas, the floor is yours.

Thomas Martin (Exane BNP Paribas): Hi. Good morning. Thanks. I was going to try ask a bit more genuinely on the Treasury market. I guess can you provide any further insight into current market developments? We've seen the results of the backlogs coming down a bit. Is tendering activity picking up? Can you make any general comments about either if you get the sense that whether feeling more comfortable with the economic environment, or what else are we looking for before you think that some of these projects that might be sitting on the side lines are going to actually come to tender and sanction, actually, perhaps easy to tender and sanction or things sitting there tendered but sanctioning is paused? Bit of a general question.

Carl Vanden Bussche: So I think it's a bit about the dynamics and how we feel them in the dredging market. Thank you for the question, Thomas.

Luc Vandenbulcke: Yeah, on this question. So the general dynamics is a bit in line with also previous questions. We have Europe, which continues to be, let's say, a market in line with historical dredging market. And added to that, we have a couple of, I would say, new drivers coming up. And we mentioned maybe a couple of them, that is the building of – the fast-tracked building of LNG terminals, which is quite a specific driver. We have the energy islands coming up. So we mentioned them already in the call before.

We have – and we also see a trend of the Middle East picking up on projects, most of them oil and gas related, I would say. So we have some tenders for oil and gas islands, but also projects related to that in the Middle East. So we see, let's say, I would call it a normal to picking up tender activity in the dredging market with underlying drivers, which are, to my opinion, quite sane, I would say. But again, we are in a project business and much depends on when in the year and over how many years things are being spread to have it then being translated into and over in results.

Carl Vanden Bussche: Yeah. Thank you. Thank you, Luc.

Thomas Martin: And just, can I follow-up?

Carl Vanden Bussche: Okay. Quick follow-up, yeah.

Thomas Martin: Quick follow-up on that just would be in the Middle East market that you mentioned, I think historically that's been a heavier user of driving dredges versus hopper dredges. I mean, is that a correct understanding and any – are there any changes there? Or is the Middle East tendering activity predominantly cutter suction weighted?

Luc Vandenbulcke: The way I see it today, it's quite balanced. It's quite balanced.

Thomas Martin: Okay. Thank you.

Carl Vanden Bussche: Yeah. Thank you. We also have some questions in the chat. And I do realise we still have some queue in the conference line as well. But perhaps the first one on

the chat. Els, I think it's more for you. It's about, okay, congratulations on the results. Thank you for that. But there is a question about inflation impact on profits, actually.

Els Verbraecken: Yeah. So indeed, I think, we also announced it in our outlook for the year 2022, that we saw some inflation coming, of course, and that we are affected by this inflation. On the other hand, I think I already mentioned in the past that we are protected in several ways, not fully, of course, but partially at least, for some of those price increases.

First of all, we do have price review mechanisms in every contract. We have indexation clauses in contracts, indexation clauses mainly for, let's say, fuel, but also for steel prices. And so those mechanisms and indexation clauses have kicked in, in the past year.

If we did not have such clauses, then our policy is to take out hedges, hedges for fuel or for steel. Next to that, of course, we are already in calculating the price of a contract. If a contract, for example, takes for two years, we already take inflation into account on the cost of our personnel and on our suppliers. But of course, there is still some remaining impact in 2022.

I think most important thing is to mention that we have indeed learned from these exceptional situations as well, and that we have taken a closer look once again to all of these clauses and mechanisms and that we have update them for the future. And so we're now applying those, let's say, newly adapted clauses and mechanisms for the future.

Carl Vanden Bussche: Yeah. Thank you, Els. Back to the queue and the conference call. The floor goes to Thijs Berkelder once again. Thijs, welcome again.

Thijs Berkelder: Yeah, thank you very much. I think many clients would be interested to hear a bit more detail on your projected €500 million of CapEx for 2023. Since you're not including the Green Jade there and Orion already delivered, were these spent, the €500 million on, does it include the Transocean drilling vessel? And related to that, will that lead to revaluation of GSR in your accounts? Or maybe a potential book profits or so.

Carl Vanden Bussche: I believe that's one for you, Els?

Els Verbraecken: Yeah. I think, yes, the €500 million, we still have some investments ongoing, of course. You mentioned already the Green Jade not being included, but it's still ongoing. We also have the Viking Neptun being converted into a cable-laying vessel that was also planned to be delivered in 2023. So still some cash out to be foreseen.

We have the conversion of Sea Installer and Sea Challenger ongoing. We have the new fallpipe vessel, which will be delivered in '24. So there will be also quite some investments for the coming year. And then, of course, we have the, let's say, the ongoing investments in maintenance that we still do. It's not because we have been catching up in '22, that we will not have the, let's say, normal maintenance in '23.

And next to that, we often see with the important projects that we have also investments specifically for some of the projects ongoing. So I think if you would all add that up that the €500 million might be a good direction, but as you know, here as well, it often depends on specific timing of shipyards, whether they are a bit late or a bit early. So this amount can vary throughout the years. But this is what we currently estimate, and I think it's our best estimate at this moment at the beginning of the year.

Carl Vanden Bussche: Yeah, thank you, Els.

Thijs Berkelder: Okay, thank you.

Carl Vanden Bussche: We go once again to David Kerstens from Jefferies. You had one more question, David.

David Kerstens: Yes. Thank you. Just wanted to ask about coastal protection. I think one of your peers had highlighted that as a key area for investment in the coming decade. Don't think you talked about it much in the presentation today. Can you give us an indication how important coastal protection projects are for DEME today and how do you expect to see substantial growth there in the future?

Luc Vandenbulcke: Yeah, it's difficult to stick a figure to that because some of the projects are obviously mixed land reclamation and coastal protection projects. Let's say for our Dutch business, and part of DEME Environmental is active in that and have some substantial projects. Difficult for me to stick an exact figure or percentage of what that means to our business. It's for me more a long-term trend, I would say. And you also see it on projects like Abu Qir. They have this combination of coastal protection and land reclamation. So they often go together.

So to isolate that particular aspect, I think it's a rather long-term trend, which will contribute to our Dredging & Infra business than something on which I can stick an exact percentage of our business.

David Kerstens: Okay. Thank you very much.

Carl Vanden Bussche: Good. We have one more question in the chat function. Who is going to take that one? It's a question on the free cash flow. And it's probably going to be the last question that we can take within the time scheduled. It's a question on free cash flow for next year. How do you think about net working capital? Is it fair to assume a broadly neutral development in line with 2022? Els, perhaps your view on that?

Els Verbraecken: Yeah. I think neutral view would be the best estimate at this moment, indeed. As I mentioned already, we don't expect any huge changes at this moment in time on operating working capital either. Net financial debt, we have, of course, the €500 million euro, CapEx, but it's quite difficult at this moment in time to take another point of view than neutral position, I think.

Carl Vanden Bussche: Yeah, thank you, Els. And I think with that, we really have come to the end of the earnings call. I'm really sorry to cut it short here. I do realise there are still some questions in the chat and also in the conference line.

But so for the ones with more questions or remarks, you know how to find me. We'll take care of the other questions in the chat as well. And in case you would bump into more or other questions in the coming days, or would like to share some feedback, again, you know how to find me.

On the backdrop of our financial calendar on display here, I'd like to thank both Els and Luc for their presentation for taking these questions and all of you for participating. We are looking forward to meeting with many of you during the road shows and conferences as we have them planned for the coming weeks. And for now, thanks a lot, and have a great day. Bye-bye.

[END OF TRANSCRIPT]