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DEME Full Year 2024 Results

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Carl Vanden Bussche: Good morning, ladies and gentlemen. I am Carl Vanden Bussche, Head of Investor Relations for DEME, and it is my pleasure to welcome you to DEME's Full-Year 2024 Analyst and Investor Earnings Call. Thanks for joining today's conference call and webcast.

Joining me today are Luc Vandenbulcke, DEME's CEO, and Stijn Gaytant, DEME's CFO. Both Luc and Stijn will take you through the presentation on our full-year results. The presentation will be visible on screen during the webcast and is also accessible on DEME's investor portal, which has been available since early this morning.

On the agenda displayed on slide two, Luc will kick it off with the exec summary after which both Stijn and Luc will provide extra colour on the Group results of last year, the segment performance, and some words on DEME's progress in the ESG domain to then wrap up with the outlook.

After the presentation we will open up for a Q&A round where you will have the opportunity to ask questions to our management.

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 for joining us as we announce our full-year 2024 figures. Today, I am incredibly proud to present our full-year results.

As already highlighted on the title slide and in our press release, our 2024 performance can be summed up in one word, it's outstanding.

First and foremost, this achievement has only been possible thanks to the entire One DEME, One team, which has worked tirelessly to deliver such results, all while upholding exceptional performance standards, delivering on our commitments towards our customers, and strengthening our reputation for reliability. I therefore want to express my immense personal pride and heartfelt thanks as I'm able to announce these results.

The outstanding performances from the DEME team, were translated into outstanding results across the board: strong growth in both turnover and profit, a positive net cash position, and an unmatched order book exceeding €8 billion, levels we have never achieved before.

The order book of €8.2 billion is equivalent to twice our 2024 turnover, even after a high backlog conversion into revenue. A record turnover of €4.1 billion was achieved, representing a substantial rise of 25% compared to last year and 50% compared to two years ago. These results reflect high activity levels, and a strong focus on operational excellence and effective project execution across all our contracting segments.

EBITDA grew at an even faster rate than revenues in 2024, by 28% to €764 million, and the EBITDA margin to 18.6%. As a result, net profit surged by 77% to €288 million. A very strong free cash flow of €729 million, and that compared to €62 million a year ago, and that enabled us to reverse our net financial debt of €512 million to a net cash position of €91 million.

This improvement was driven by a significant increase in our turnover, profitability, a positive impact of working capital, and a lower investment level.

Looking ahead and considering the current project schedules in the backlog, the pipeline of new opportunities, and fleet capacity, we expect turnover and EBITDA margin for '25 to be at least in line with 2024.

CAPEX for 2025 is estimated at around €300 million. Noteworthy there, this amount excludes larger fleet capacity expansion investments that may be pursued to support long-term growth opportunities.

Given our excellent performance in 2024, DEME is proposing a dividend of €3.8 per share, up 81% compared to 2023.

Before handing over to Stijn, and reflecting on these results, I'd like to share that they are also the outcome of well-timed investment decisions, expanding our fleet and building pioneering vessels that have introduced new concepts to the industry, ultimately driving greater efficiency for us.

With our fantastic team and fleet, a strong net cash position, and a record-level orderbook, I'm convinced that DEME is well-positioned to navigate today's dynamic market and dynamic geopolitical landscape.

With that, I hand it over to Stijn to take you through the financial highlights.

Stijn Gaytant: Thank you, Luc. And we will dive immediately into the financial reflection of the excellent work done by our DEME team this year.

The overview on the left visualizes what DEME delivered in 2024, along with a comparison with the two previous years, demonstrating strong year-over-year progress across nearly all metrics. I can even add that the performance further accelerated in the second half of 2024 delivering the record figures we present today, a solid proof of the consistency and momentum maintained throughout the performance.

Some items I'd like to highlight. The order book crossed yet another milestone, reaching a record high figure of €8.2 billion, a year-over-year increase of 8%, an even more impressive number if one considers this in combination with record high turnovers the last 12 months.

The Group's turnover increased sequentially each quarter to end up at €4.1 billion, up 25% from €3.3 billion in 2023, with all segments contributing again with double-digit growth.

In continuation of the first half year, profitability grew at a faster pace than turnover. EBITDA of €764 million increased by 28%, up to a margin of €18.6%. EBIT of €354 million increased by 47%, up to EBIT margin of 8.6%, as compared to 7.3% in 2023.

And to top it off, net profit €288 million increased by 77% to a profit margin of 7%, compared to 5% year-on-year. On the evolution on the depreciations and impairments, in 2024, we registered an amount of €411 million, as compared to €355 million year-on-year, which is an increase of €55 million. This increase is mainly due to the depreciation of the conversion of the Sea Installer, which only kicked in from quarter three '23 onwards; specific project equipment for our vessels used for among others, projects in the US.

The Yellowstone started contributing to depreciation in quarter two of 2024. We have the impact of IFRS 16 leases. The contribution of project specific assets related to Fehmarnbelt, and the impairment of the Sea Challenger Crane and addition of the Backhoe dredger Samson as a result of our yearly impairment assessment test.

On the topic of the financial results, we end up at minus €9 million, a limited amount due to less impact related to exchange rate differences and supported by interest generated on our growing net cash position.

Current taxes and deferred taxes account for minus €90 million, which reflects an effective tax rate of 26%. This increase compared to last year is partially linked to the Pillar II legislation, which is amongst others, the global minimum taxation rules.

To conclude, the key elements on the share of profit for joint ventures and associates, you will notice a plus €40 million contribution. That's a combination of positive amounts of the associates, mainly driven by DEME concessions, and in addition continued positive results of some of our joint ventures. It reconfirms that our setup in Taiwan and the investment in the Green Jade is contributing positively to our results.

Now how do these excellent P&L figures now translate into the main balance sheet items? We present them again the same format allowing for a three-year comparison.

The working capital now stands at minus €813 million, which is an improvement of €341 million year-on-year. Historically, DEME has consistently maintained negative working capital largely due to disciplined contract management. Current Working capital compared to turnover is in line with the historical averages we have witnessed the last 10 years for the DEME Group.

CAPEX in 2024 was good for €286 million, compared to €399 million year-on-year and it comprises of mainly the latest expansion of the fleet, project specific investments, in addition to conversions and capitalised maintenance costs. The combination of increased turnover and profitability, improved working capital and lower CAPEX compared to the prior year resulted in an impressive free cash flow of €729 million, an increase of €667 million year-on-year. This also explains the growth in our cash and cash equivalents from €389 million at the end of '23 to €853 million at the end of 2024.

With results as these, it is fair to conclude the DEME financials are in excellent shape. In just 12 months, net financial debt was reduced by €603 million, resulting in a positive net cash position of €91 million. As a result, our net financial debt over EBITDA ratio is now minus 0.12, compared to 0.86 at the end of '23.

Moving on to the orderbook comparison in the left graph. The orderbook closed 2024 at €8.2 billion, marking the fifth consecutive year of growth. The segment breakdown demonstrates a continued balanced and diversified order book, confirming that all the operational segments maintain a fill rate sufficient to offset the backlog conversion into turnover.

On the graph in the middle showing the geographical breakdown in 2024 we notice: Europe counts for more than 70% of the overall orderbook which is an expansion compared to the 58% in the previous year. It underlines the importance of our home market.

We see a slight decrease in Asia and Africa. In the Middle East, the reduction is related to the effective project execution of the last 12 months. I highlight as well the orderbook evolution in the Americas which reduced compared to 2023, mainly due to high activity and progress on the projects in the US, the last 12 months, resulting in orderbook conversion into turnover in combination with limited additions to the orderbook.

On the graph on the far right, we provide the orderbook run of for the coming years, where we expect a runoff in 2025 of €3.6 billion. The runoff volume for 2025 is in line with a year ago, with volumes exceeding €4.5 billion spread across '26 and beyond.

For the sake of completeness, I'd like to remind that the order book is presented based on proportional figures. Converting these to actual equity turnover for the Group requires a reconciliation adjustment with the main contribution coming from our joint venture in Taiwan.

In conclusion, I would like to re-emphasise, we grew our high quality orderbook by €618 million in 2024 reaching €8.3 billion. This growth comes on the back of DEME's realised turnover of €4.1 billion over the last 12 months. It underscores the continued performance, the competitiveness and strength of all the DEME Segments.

We highlight the trends in DEME's turnover evolution. The first key take-away, 25% year-on-year growth in turnover as shown on the left graph and adding that DEME's turnover nearly doubled over the last five years. The segment breakdown in the middle reveals some more insights: an increase in turnover year-on-year for the offshore energy segment surpassing €2 billion turnover or plus 37%; the dredging and infra segment reaching nearly €2 billion turnover or plus 22% as compared to last year; and the environmental business achieved nearly €340 million, realising an 11% growth over 2023.

We may conclude that all the contracting segments delivered strong double-digit growth, in particular the offshore segment, also supported by its increased fleet capacity.

When examining the geographical breakdown on a year-on-year basis on the right, we observe that both Asia and Africa have remained fairly stable in their relative contribution. In the Americas, the contribution year-on-year have been consistent driven by the project phasing of both the Vineyard and the Coastal Virginia project.

The breakdown further reaffirms that Europe, with 60%, remains DEME's key market aligning with our earlier conclusion from the orderbook.

As I already mentioned in my introduction, our profitability growth outpaced our turning growth, with EBITDA going up 28% year-on-year and reaching an EBITDA margin of 18.6%, up from 18.2% last year. The Offshore Energy Segment leads with an EBITDA margin of 21% while EBITDA for Dredging & Infra remained strong at 18.3%.

For completeness, I'm reminding that in 2023, the EBITDA for Offshore Energy was impacted by specific project losses. In 2024, the Dredging & Infra segment faced a similar challenge, with a specific project loss on one project.

EBIT increased by 47% to €354 million. As noted in the previous earnings call, higher depreciations and impairments have not impacted the EBIT margin, confirming that recent additions are driving growth and profitability. The net profit is ending up at €288 million with the earnings per share amounting to €11.4 compared to €6.4 in 2023.

Before we move to the segments overview, a few words on the evolution of the Group CAPEX over the past seven years. The graph shows that, following the peak level of nearly €500 million in 2022, the investments in our technologically advanced fleet have decreased but remained consistent. This is also reflected in the relatively stable net book value compared to 2023. The main contributors on CAPEX were highlighted already earlier.

While Luc will take over after this overview to provide more in-depth business and operational insights, I will share some financial details on the individual segments.

As mentioned earlier, the increase in the Group turnover was primarily driven by the sustained high activity throughout 2024. This consistency over the entire year contributed to an increased profitability as shown in the top left graph.

For the Offshore Energy segment some additional remarks. The combined impact of the expanded capacity of the recent two years, the Orion, the Green Jade, the Viking Neptune, the converted Sea Installer and the Yellowstone with high activity and performance levels has resulted in higher turnover.

On the matter of EBITDA and EBIT, we delivered strong performance, achieving excellent outcomes on most of our projects. This translated into a substantial increase in profitability for Offshore Energy, with no further impact in 2024 from the loss-making projects reported in '23.

For the Dredging and Infra segments, also here higher occupancy explains the substantial 22% increase in turnover. EBITDA margin of 18.3% reflects solid performance for the segment, while absorbing one loss-making project under IAS37. EBIT of nearly 6%, supported by a robust EBITDA with only a moderate increase in depreciation.

For the environmental projects, they maintained solid execution, delivering another year of strong results in 2024, while factoring in the exceptional favourable impact of a project settlement in the Benelux in 2023, which does not apply, of course, in 2024.

On the concessions segment, to reiterate we mainly step into concessions when there is a clear scope and value-addon for any of our three operational segments. That setup clearly worked again in 2024 when looking at the following contributions.

In 2024, contracting revenue generated, as well as the value of projects has shown further increases. And till date own equity investment and loans now stands at €240 million. The combination of the above initiatives, so both on offshore wind farms and the infrastructure, generated a recurring income in 2024 of €12 million. This is lower compared to 12 months ago when results were supported by a combination of strong wind, high energy prices and a one-off benefit related to a change in the Belgian legislation.

The biggest turnaround can be found in the combined share of profits of joint venture, which now contributes €28 million compared to a loss of €34 million in 2023.

I conclude my part of the presentation. As a proud CFO, extremely pleased with what the company has achieved in 2024, especially when looking at our strong and resilient financial position.

Luc Vandebulcke: Thank you, Stijn, for that comprehensive overview of the financials. I will now outline some of the key highlights of our four segments, and I will be starting with Offshore Energy.

Moving to Offshore Energy first with a beautiful view of our installation vessel Orion in full operation at our Moray West project.

It's no exaggeration to say that Offshore Energy delivered an exceptional performance in 2024, and building on an already strong '23. As you can see on the graphs, turnover and EBITDA

have essentially doubled since 2022. Turnover exceeded €2 billion, reflecting a 37% growth for the year, and this followed on the back of an already remarkable 57% growth in 2023.

With a precision focus on effective project execution, the Offshore Energy team saw the EBITDA margin rise to 21%, fuelling an 87% year-over-year increase in nominal EBITDA. At €4.3 billion, the orderbook reached a record high, driven by strong demand and by the recent expansion of fleet. The orderbook was boosted by several add-ons to the already existing projects and by new contracts in the APAC region and in Europe.

Notable additions include a foundation installation contract for the Nordlicht 1 and 2 wind farms in Germany; the foundation and offshore substation installation contract for the Fengmiao 1 offshore wind farm in Taiwan, and four cable installation contracts in the Netherlands and in Belgium.

Now, in terms of fleet expansions, we welcomed the Karina, which is an offshore survey vessel, and Yellowstone, the world's most advanced fallpipe vessel, both of them in 2024. In addition, we also increased the capacity of our cable layer Viking Neptun, adding a second turntable.

The Offshore Energy segment also experienced a very high fleet utilisation rate of 90% occupancy, representing a substantial improvement compared to the 2023 level.

Now, let's go to slide 15, you will see some of our key projects in 2024. To give you a few more details, Europe is still Offshore Energy's most active region with key projects underway in the UK, in France, in Poland. In the UK, we successfully completed the foundation works for the Moray West offshore wind farm and that in Scotland, and we also completed the cabling works for Nearth Na Gaoithe.

On the Dogger Bank projects, we finalised inter-array cabling works for Dogger Bank A and we made good progress on the cable installations for Dogger Bank B. Dogger Bank being the world's biggest offshore wind farm under development.

In France, our jack-up installation vessel, Innovation, continued turbine installations for the Fécamp offshore wind farm and it commenced work on the Île d'Yeu and Noirmoutier project using our advanced technology, which allows us to drill directly into rocky seabeds.

Meanwhile, we are making steady progress on piling operations at Dieppe - Le Tréport power offshore wind farm.

In Poland, the segment completed two out of four directional landfall drills and that as part of its cable contract for the Baltic Power project. Going into the APAC region, DEME's joint venture CDWE, completed the installation of jacket foundations for Zhong Neng in Taiwan, deploying the Green Jade, which as you know is our floating installation vessel.

The Offshore Energy team also reached the halfway mark already on the Hai Long project. Additionally, work has begun on the Greater Changhua project, that's also in Taiwan. In the US, Offshore Energy had a very solid year, following the operational installation kick-off of US East coast projects in 2023.

Powered by our industry-leading installation vessel, Orion, and of course, our expert project team, the first installation season for Dominion Energy's Coastal Virginia Offshore wind farm project was successfully completed on schedule. This included the installation of 78 out of 176 monopiles, as well as the first export cables and the pin piles for the substations.

For the Vineyard Wind project, we completed the installation of all the monopile foundations and transition pieces and we are now continuing the turbine installation.

As a bridge to the next segment and also demonstrating how the Group leverages synergies between the segments, in non-renewables, Offshore Energy called on DEME's dredging experts to complete the pipeline preparation works for the Rosemari project in Malaysia, the trenching operations for the Darwin pipeline duplication project in Australia, and that as well as dredging works for Cenovus Energy's West White Rose project in Newfoundland in Canada.

Let's go now to the Dredging & Infra segment.

The order book remained steady, growing by 3% to €3.6 billion, reflecting a healthy intake of new projects across various countries and regions, as illustrated by some nice contract win-examples on the next slide.

Turnover for our Dredging & Infra segment saw a healthy increase of 22%, now rising to almost €2 billion. This was driven by a strong performance across a range of projects including maintenance and capital dredging, as well as large-scale infrastructure projects. High activity levels and disciplined project execution saw EBITDA grow by 20%, resulting now in a solid EBITDA margin of 18.3%.

Driven by a strong backlog and demonstrating high activity levels, vessel occupancy increased with double digits with the hoppers now reaching 43 weeks occupancy while the cutter utilisation rose to 34 weeks in 2024.

You can see our Dredging & Infra activities in 2024 took us all over the globe. In Europe, some standout projects were the Oosterweel Connection in Belgium where we made considerable progress, including the tunnel element construction. Additionally, the Princess Elisabeth Island advanced, with the construction of the caissons, seabed preparation and the foundation layer installation.

In the Netherlands, we successfully completed three projects of national importance, the Rijnlandroute, the Blankenburg Connection and the New Lock Terneuzen. These unique marine infrastructure projects nicely demonstrate DEME's ability to leverage its synergies across various activities. At the same time, the civil works for the Port-La Nouvelle development advanced into a new phase, including constructing a new jetty.

Here we also hold, as you know, the 40-year concession for the port in a consortium with other parties. As you could see on the previous slide, we've been able to leverage our presence in France, securing a new sizeable contract to build a new access channel in Le Havre, for which the works will already commence in 2025.

In Germany, Dredging & Infra completed the first widening phase of the Kiel Canal and we secured a new contract for the construction of an offshore wind terminal at the port of Cuxhaven.

In the UK, DEME successfully completed maintenance works on the access channel to London Gateway Port. Outside of Europe, Dredging & Infra remains well positioned in the West African region, including a coastal protection project in Grand Lahou, that is Ivory Coast and projects in Gabon, Nigeria, Congo.

The segment remained active in several locations in the Middle East, including a capital dredging and land reclamation project for the expansion of the Port of Abu Qir in Egypt, as well as the construction works for the Port of Oxagon Phase 2, a project which is located in Saudi Arabia.

In Asia Pacific, the segment made notable progress with dredging and seabed preparation projects in Malaysia, in Indonesia, in Taiwan and Australia. We are strengthening our footprint in India, where we have multiple maintenance dredging projects ongoing, both on the West and the East Coast of the country.

Let's now move on to the Environmental segment.

The orderbook remains stable at €352 million, with additional projects secured in the Benelux main. Our team is also actively exploring targeted opportunities in Italy and in the UK.

Our Environmental segment achieved an 11% growth in turnover, which rose now to €337 million. This double-digit increase was largely driven by long-term and complex remediation and high-water protection projects in Belgium, in the Netherlands, in the UK and Norway.

EBITDA came in at €44 million, with an EBITDA margin of 12.9%, declining a bit from the 16.8% a year ago. But as you know, the EBITDA in 2023 included a non-recurring settlement on a completed project in the Netherlands.

One standout highlight of the year was the launch of the innovative joint venture called Cargen. The new company will specialise in activated carbon-based water and gas treatment and remediation which further boosts DEME's pioneering PFAS cleaning solutions and will strengthen its positioning within the value chain.

And then a number of key projects for '24 in Belgium, Environmental is involved in the realisation of the Oosterweel-project for the treatment of PFAS polluted soils and is remediating a former industrial brownfield site in Valonia in Feluy.

Additionally, the long-term project for the reconversion of a former ArcelorMittal site in Seraing, near Liège that is, was kicked-off.

In the UK, the remediation of the Bowling oil terminal in Scotland was finalised and it received recognition at the prestigious 2024 Brownfield Awards, which recognises the excellence in the redevelopment of brownfield sites.

In the Netherlands, key projects include the dyke reinforcement initiatives, GoWA, which is part of the Netherlands Flood Protection Programme, and we also had the Marken project.

Not on slide but worth mentioning, the remediation works for the brownfield joint venture project with Veidekke, near Bergen, Norway, advanced and are set to continue this year.

We then move to our Concessions segment with a beautiful picture of our works in Port-La-Nouvelle.

The Concessions segment realised a net result of €12 million. And then taking our Concessions initiatives separately, we maintained our stakes in offshore wind projects with a total installed capacity of more than one gigawatt, representing 144 megawatt proportional capacity, generating recurring income. Alongside the wind farms already in operation, we are making progress on the ScotWind concession project, where we were awarded a two gigawatt worth of option lease areas in Scotland's seabed leasing process.

Additionally, we are preparing for upcoming tenders in other countries such as the Belgium offshore wind round for the Princess Elisabeth Zone.

Our Dredging & Infra associates are involved in marine infrastructure projects such as the Blankenburg Connection in the Netherlands, Port-La Nouvelle in France and the port of Duqm in Oman.

Meanwhile, we are also exploring new opportunities and we are working on a preliminary agreement for a 30-year lease of land located in the port in Świnoujście in Poland, and that for the financing, building and operation of a container terminal.

At the same time, DEME wants to be among the first in the world to produce green molecules from renewable energy. And in line with this, we are advancing our green hydrogen development initiatives.

Milestones for the year '24, include a strategic partnership with bp for HYPOR Duqm and a cooperation agreement to study the potential for a large-scale green hydrogen project in the Port of Gargoub, and that is in Egypt.

Global Sea Mineral Resources, which is our deep-sea harvesting subsidiary, meanwhile continues to monitor the legislative developments at the International Seabed Authority, with decisions regarding the regulatory framework now expected this year.

Now moving on from our segments, I would like to spotlight some of the key accomplishments in our ESG and our safety performance.

Let's start with Environmental. We are pleased to see that our strategy to play a significant role in the clean energy transition gets translated in some of the ESG metrics. In '24, 42% of our turnover is now EU taxonomy aligned, and that rising from 33% the year before. This was largely driven by a strong growth in offshore wind projects and by the inclusion of DEME's environmental activities.

I just presented the details on these activities in the segment overview that we saw. We are also making every effort to reduce our own greenhouse gas emissions. And as part of our commitment to address climate change, we have set an ambitious target to reduce greenhouse gas emissions per dredged cubic meter or per installed megawatt by 40% and that by 2030.

To achieve this goal, DEME is focusing on three key strategic pillars: enhancing the operational efficiency, improving technical performance, and transitioning to more sustainable fuels.

Last year, we reduced our greenhouse gas intensity by 30%, compared to the baseline year, that is of 2008, marking significant progress towards our 2030 target. One example of how we are tackling this is by expanding our sustainable operational capacity.

In '24, we welcomed Yellowstone to our fleet, that is a state-of-the-art dual-fuel fallpipe vessel, which will be able to operate on green methanol. Additionally, we are determined to increase the use of low-carbon fuels. But despite our best efforts in '24, the consumption of low-carbon fuels however, decreased to 6% of the total fuel usage, and that is down from 10% in 2023. This is a setback and that's primarily due to the non-generalised adoption of alternative fuels in the industry, that couple with their limited availability in the main regions of DEME's operations in '24.

And for Social and Safety, our strenuous efforts and investments to retain and to attract talent to support our mid- and long-term growth, are proving successful. Our workforce rose to more than 5,800 people in '24, that's an increase of 5% on '23.

Last but certainly not least, DEME is committed to safety. We have stringent safety standards in place but we always aim to improve, and that by focusing on key safety performance indicators and consistently meeting and exceeding our targets. And in that, one of the primary metrics we deploy is the worldwide lost time injury frequency rates. That indicator remained well below our 0.20 target and stands at 0.10 for 2024. That reflects the effect of our many safety initiatives.

Now, in terms of ESG, I would like to take a moment to highlight some of our key initiatives from '24. You can see on the pictures, we have been testing a hydrogen generator at the Blankenburg tunnel project as part of our efforts to explore alternative energy sources. This generator enabled a crane to be directly powered with hydrogen, which eliminates the need for battery packs.

We have made significant strides in the electrification of our car fleet. In '24, fully electric cars accounted for 30% of our fleet, and we are now placing orders exclusively for electrical vehicles. Additionally, and at the same time, we have installed 340 electricity charging points in the car parks at the headquarters. And at the same time, at home, employees are provided with wall box EV chargers.

In 2024, we further expanded our sustainable operational capacity with the addition of the Yellowstone. This state-of-the-art dual-fuel fallpipe vessel is prepared to operate on green methanol and fully complies with the latest emission standards. On top of that, it's equipped with advanced sustainable technologies, including a hybrid power plant to enhance fuel savings and a waste heat recovery system to optimise the energy efficiency.

Another noteworthy initiative is our participation in Cycling for Kom Op Tegen Kanker. 160 colleagues took on the 1,000 kilometre against cancer cycling challenge to support the fight against cancer. This event not only supports a great cause but also encourages our employees to engage in healthy and sustainable activities. And I find myself also great joy in participating with the colleagues in this bike ride.

Now, in line with our ambition to achieve climate neutral operations by 2040, we are working towards creating a climate-neutral DEME campus. At the end of '24, and you can see there in the middle picture, the lookout on our new campus welcomed its first visitors, providing an engaging, immersive experience that highlights our history, our vessel, our projects, but of course, also our people.

Lastly, we have continued our collaboration with Mercy Ships. DEME has a long-term partnership with Mercy Ships, an international organisation operating private hospital ships along the African coast. This partnership allows us to contribute to their mission of providing medical care and support to underserved communities around the world.

Then coming back to the financial points and first of all the dividend. Now, in line with our dividend policy, which is targeted to a pay-out ratio of 33% of Group's net profit, the Board is proposing a gross dividend of €3.8 per share, marking an impressive 81% increase compared to 2023.

Subject to approval of the General Assembly, of course, the payment date is proposed for 30th May, 2025.

Now we reach already the last part, which is the outlook. Looking ahead, and considering the current project schedules in the backlog, considering the pipeline of new opportunities and the fleet capacity, DEME's management expects a turnover and EBITDA margin for '25 to be at least in line with '24.

CAPEX for the year '25 is estimated to be around €300 million, but that before larger fleet capacity expansion investments that may be decided upon to support our longer term growth opportunities.

Also for the mid-term and despite current geopolitical challenges, DEME's management remains confident that it is well positioned to continue delivering robust performances, supported by a solid orderbook, a strong balance sheet, encouraging market prospects, and especially driven by the accelerating energy transition.

With that, I'd like to conclude my part of the presentation and I will now hand you back to Carl so that we can begin the Q&A session. Thank you.

Carl Vanden Bussche: Thank you, Luc and Stijn. We will now begin the question and answer session. I think you know the drill, but there are two ways to ask questions. For participants on the conference call, please dial star one, and the operator will place you in the waiting room before you can ask the question. For participants in the webcast, you can use the chat forum to submit your questions. From our side, we will manage the flow and do our best to field questions from different angles.

For those using the webcast chat, kindly submit one question at a time. For the participants on the conference call, please limit yourself to one or a maximum of two questions at a time. If you have additional questions, please queue again. This approach will enable us to cover questions from various participants effectively. We are now ready for the first question. And we see that Mr. Luuk Van Beek has queued for a question on the conference call.

Questions and Answers

Luuk Van Beek (Degroof Petercam): Yes, I'll start with two questions, if I may. So first of all, you pointed to the higher geopolitical uncertainty. I think you referred to US, but maybe also to Europe, where there seems to be less support from field tenders in offshore wind. At the same time in your outlook, you talk about additional capacity expenses. Can you talk a bit about the visibility that you have on the medium term in this more uncertain environment and which areas you think you have sufficient visibility to take new decisions on new vessel purchases?

My second question is on utilisation, which was obviously very high in 2024, especially in Offshore Energy. I assume that this level is not sustainable. But can you give an indication of what is a sustainable level, especially in Offshore Energy, and if you should expect any additional maintenance catch up in '25?

Carl Vanden Bussche: Okay. Thank you, Luc. Also, good morning. The line was not super clear on our side. But I think your first question was more to provide a bit of colour on the

geopolitical factors that we're referring to, the visibility we have. And that's, let's say, as a part B of the first question, how are we looking to purchasing additional vessels.

Perhaps we take the first part of the first question, Luc, on how are we looking to the geopolitical picture and how do we take that into account going forward?

Luc Vandebulcke: Yes. Thank you, and good morning, Luuk. I think, indeed, the line was pretty bad to the start. Two questions. So the first one more on probably the mid-term outlook. We indeed see quite a lot of moving parts. You have the geopolitics, the macroeconomic environment, I would say. Oil prices, which have some impact, energy transition and the clean industrial deal, which we will get announced today. So that's one thing.

Secondly, we have the market's US offshore wind market, which is, of course, with the current government a little bit more complicated, but then good prospects in the European market. Then if we go linked to that, of course, growth and capacity are in our business certainly correlated, and that's what DEME will continue to do.

We are looking at how to invest in new capacities. I think I also mentioned in August, there's a number of different routes that we, as a company, can take. Building new vessels, I would say, buying and converting them or acquiring extra bolt-on capabilities, but we do not make any specific announcement there. As soon as we make decisions, of course, we will update the market on that point.

Now you had also a second question on the sustainability of the occupation of the vessels. I can indeed confirm, of course, that the utilisation vessels of '24, we are very pleased with them. They reflect, I would say, a strong demand. We have been able also, I think, to run efficient operations, which is important for us, the right scheduling maintenance and so on.

And at the same time, I think they also proved that our investment approach is really delivering the results. I must say and there I concur with you that they are, the '24 level is at the higher end, specifically for the offshore vessels which is positive.

Are they cast in stone and sustainable for the future? That depends on many factors. We have the project time lines, our maintenance cycles, I would say, the availability of equipment at the right place, some market fluctuations. There, of course, we will see how that evolves in the future.

Carl Vanden Bussche: Yeah. Thank you, Luc. I think we're ready for the second question from David Kerstens from Jefferies. David, the floor is yours.

David Kerstens (Jefferies): Good morning, gentlemen. Thank you for the presentation. I have two questions. The first question is about US offshore wind, where you highlighted that the Americas order book had decreased 24% to 12% of the total orderbook. So it doesn't seem that important anymore, but I suspect it's mainly Offshore Energy. So it's still a relatively large part of Offshore Energy. You highlighted that there were no new additions. My question is what are you now seeing in the market in terms of the offshore wind pipeline under the US government and the risk to the remaining projects that are currently in the order book?

The second question is related to the CAPEX plan. You said CAPEX is expected to remain relatively lower at €300 million for 2025 before larger investment decisions. You also showed the seven-year chart, the overview of CAPEX over the past seven years. What would that imply

for CAPEX when those larger investment decisions come in? Are you going back to the €500 million level that you had in 2022, or will you exceed that level in the longer term as well?

And if you look at global shipyard capacity and newbuild prices, has that developed favourably this year and is now looking more attractive than what you mentioned a year ago? How do you see that impacting CAPEX levels? Thank you very much.

Carl Vanden Bussche: Thank you, David, for your three questions. We'll take the first one on the US offshore. So Luc, I think you can comment.

Luc Vandenbulcke: Yes. Thank you, and good morning. Of course, first, we have to be realistic. We see that the Trump administration is not extremely supportive of renewable industry in general. Probably in the mid-term, we expect some potential delays. And that was also your specific question. But let me maybe treat them in two buckets. We have the existing projects that we are working on there to our current knowledge, we see no risks. The projects are in full swing and we really see also in consultation with the clients, no specific risks on those projects.

Secondly, on the new ones, there, we have seen that the Trump administration is, let's say, looking carefully in the next six months, that's at least what we are being told at all the projects. The KPIs, let's say, they have to meet, haven't been announced. The criteria, I would say, to which they will be weighed. But to my opinion, I take it as somehow positive news that they will be evaluated to a set of criteria, which I think to be local employment, the economics of the projects and so on.

I do think that even in the mid-term, some of the projects will be sanctioned and going forward. Let's say, this way, if they are, let's say, approved by the Trump administration, I think they really have good future.

Then on the CAPEX plan and what that means exactly, I will leave maybe the floor immediately then after to Stijn. But I'll take your question on the ship building. There, I must say we see it still rather busy anyway in the shipyards and a high pressure. But we have somehow the impression that the context is gradually evolving a bit, and we start to see also in the shipyards, the possibility for some opportunities. I think that's at least our impression that that is starting to soften a little bit there.

Maybe Stijn, on the CAPEX figures.

Stijn Gaytant: Yes. Thanks, Luc. Now relating to the CAPEX investment for '25, the guidance that we have given for around €300 million. There's a guidance that we take by taking into account the default investment plans for the year. It includes maintenance and it includes upgrade activities and also some selected investments, expansions and upgrades as well.

CAPEX, of course, is always subject to change. That's why we've also indicated that the €300 million is before larger fleet capacity expansion investments that may be decided for to support longer-term growth opportunities.

On the question what that amount might be, that would depend fully on what that larger fleet capacity might be, so that is a bit difficult to put a specific figure on that.

Carl Vanden Bussche: Okay. Thank you. We took the questions from David or at least first set of questions. We're now ready for the question of Guy Sips from KBC Securities.

Guy Sips (KBC Securities): Yes, thank you. First of all, congratulations for the good results. I have two questions. First is on you stated in the press release that Offshore Energy received a cancellation notice in January 2025 for the settlement for a US project. Can you quantify that? What is the impact on your orderbook?

The second question is on the Parana River contract in Argentina. What's the status? And when can we expect this contract to fall?

Carl Vanden Bussche: Thank you, Guy, and good morning. Yeah, perhaps Stijn, do you take first the settlement question in the US?

Stijn Gaytant: Yeah. Indeed, we categorise as a subsequent event. It relates to a reservation agreement for a non-disclosed US project. We can state, and it proves again, the high quality orderbook actually that we have. This was not registered in the orderbook for works scheduled in '27 and beyond.

You will understand that we are not really in a position to disclose the exact amount of these cancellation fees, which we've also not done in the past as well.

Carl Vanden Bussche: Yeah. And Luc, a bit of colour on the case in Argentina.

Luc Vandenbulcke: Well, yes. I think you have seen the press around it. It's now, I think, already two weeks ago, we submitted as DEME a competitive tender offer. But we were the sole bidder to that tender. The tender has been meanwhile declared what they call void. A bit of context there.

You know that the Rio Parana is crucial for Argentina and the maintenance for that, of course, evenly crucial. We had initiated some legal and administrative proceedings with the local tender authorities to have a fair tender process, and we were not alone. There was a number of other companies and organisations that have similarly filed those complaints.

The PR has published a report saying that there is indeed some evidence of irregularities in the tender process/documents. Today, it remains a little bit uncertain what actions that the Argentinian government will take, and when they will relaunch a tender process. But I can tell you that at DEME, we are still committed to this tender. We want to just make sure that there is a fair and transparent tender to which we will continue to participate, but the timing for the moment being is unclear.

Carl Vanden Bussche: Thank you, Luc. Ready for a question from Thijs Berkelder from ODDO-ABN AMRO. Good morning, Thijs.

Thijs Berkelder (ODDO-ABN AMRO): Yeah, good morning, all. Congrats with a spectacular strong exceptional performance in '24 and also with giving guidance for '25 even a bit stronger. That's a surprise. My questions are really specific, simply reflecting what my clients want to get grip on. Can you give more clarity on what revenue exposure to the USA has been in '24? What you expect from '25? And what is in the backlog for the USA in order backlog in general, probably primarily for '25?

Second question is more or less a similar question on Taiwan. What is your outlook for your Taiwanese JV in '25 versus '24? '24 for the first time had a full year up and running, a strong decent performance. So can we expect a repeat of that performance in '25?

And maybe if I'm allowed, the third question coming back again to the USA. Trump is here to stay for four years I'm afraid. There are plans for introducing import duties for China-made vessels.

I think the Orion is a China-made vessel. Can you explain whether other vessels you are using in the USA are China-made? And as such, whether you are vulnerable for these import duties or that you expect your clients to pay for these import duties?

Carl Vanden Bussche: Yes. Thank you, Thijs, for the international oriented questions. Perhaps we take it by region, and first the US then?

Luc Vandenbulcke: But maybe because I will let Stijn answer the specific questions on the regional backlog. I'll maybe start with the last question while he's doing a bit of digging in the figures there. So USA and the China-made vessels there, Thijs, there is indeed. So the Orion and the Sea Installer are China-made vessels.

But two remarks to that. First of all, you know that we have good contracts in place in which we have the necessary change in law clauses and so on, which would help mitigate potential impact. That's one side. But on the other side, as you know, that the US is all Jones Act compliant operation. The actual going into port, picking up the goods and so on is primarily done by US Jones Act vessels, so US built vessels. So we don't see too much impact from those possible new regulations on our operations.

And then, maybe Stijn, you can give a bit of flavour on the exact, I can comment also.

Stijn Gaytant: Yes, Thijs, on the revenue exposure of the US, you've seen for turnover-wise, that was around 18%, but that's the totality of the Americas, which also includes Dredging & Infra. Although, you will understand that that is indeed a small portion.

When it comes to what do we expect in '25, then look a little bit at the change in the orderbook, where we've seen actually that is indeed decreasing. It was 18%. It goes to 12% now. That is mainly the continuation of the projects that we are working on, which is Vineyard and Dominion.

When it comes to Taiwan, good remark. Indeed, the joint venture has really recovered excellently. You remember that in '23, we still indicated. We had a loss for the JVs of €34 million. Now we have a positive figure of €28 million. Also there, when it looks at orderbook for Taiwan, it's very nicely filled with very good projects, which are really going very well. So also, there is the necessary comfort.

Luc Vandenbulcke: I think I can maybe just give a little bit of additional flavour and comment here, Thijs. In both countries, we are working on significant projects, as you know, in which we are, and I think on both of them, our clients have made the comment. We are about halfway through the project. So that gives you a little bit of indication within the first half last year. We're going to do the second half this year.

Carl Vanden Bussche: Yeah. Thanks. That gives a bit some extra colour. Yes, Thijs.

Thijs Berkelder: Maybe a small add on, on the China build vessel restrictions. You said something like it seems that shipyard capacity is looking to become available again, maybe. I see the same signal, but if, let's say, the US starts to block the whole of China, and probably your specialty will be very tight again, and how do you look then at Chinese-made vessels?

Luc Vandenbulcke: Well, I think as I was saying that I see early signs of softening on the shipyards. I don't think I mentioned Chinese shipyards, specifically. It was more a general comment. Again, the operations in the US are very much Jones Act. Very much. They are Jones Act compliant operations in which anyway, the transport is being done by US vessels. I honestly don't see too much difference there going forward.

Carl Vanden Bussche: Thank you, Luc. We will now open the floor to Thomas Martin from BNP Paribas Exane. Thomas.

Thomas Martin (BNP Paribas Exane): Hi. Good morning. On the vessel expansion potential, could you give us some further comments around about which market areas you're considering most attractive? So Offshore Energy versus Dredging, first of all. And within Offshore Energy, is that side, can you help us understand is it cable laying, rock dumping or is it more on the turbine side?

The second part of this question, to understand what factors are most important to you to understand as you move towards making this investment decision? Is it more around the visibility of the end market? Is it more around about shipyard availability and prices? Thank you.

Carl Vanden Bussche: Not sure whether I catch the second question in full, but we're going to start with the first one on where do we intend or consider to further expand in terms of asset base. Luc, do you want to take the question?

Luc Vandenbulcke: Yeah. Let me first say that, which I mentioned before, growth and capacity are correlated. I can say, as a general statement, that DEME will continue to invest in its capacity where exactly that DEME also from nature, and we have seen it in its history, is a contractor. We are a contractor owning our assets. We are a contractor that feels, I would say, at ease and competitive where water meets soil. That's also our historical business. That is a little bit always the direction that we are looking at.

Of course, I know it's a bit cryptic and can mean a lot of things, but you have seen amongst others that we have specialised in drilling monopiles in complicated cabling projects, etc.

Now what factors are most important for those investment decisions? Of course, we have a general view and strategic view of where we want to go. That is for sure that we have explained already, the three expansion thesis. They have different time lines. Building a new vessel takes more time than converting one. It takes more time than investing in bolt-on. So it's quite a complicated metrics there.

But at the same time, of course, we want to pick the right moment in terms of investment value. And I think from history, you can see that in the larger investments with Spartacus, with Orion, with Green Jade, I think we managed to pick the right moment, which we continue to try to do.

Carl Vanden Bussche: Yeah. Thomas, would you mind just repeating the second part of the question, unless we have taken it?

Luc Vandenbulcke: The factors that are most important. I noted, yeah.

Carl Vanden Bussche: Okay, good. Well, then I think we're ready to take another question from Luuk Van Beek from Degroof Petercam.

Luuk Van Beek: Yes, I have a follow-up question on your EBITDA margin because in the past, you always mentioned a target range between 16% and 20%. No longer repeater in your press release, and you've been at the high end of that range for the past years. So does the range still stand? And if not, do you plan to provide an update at a later stage?

Luc Vandenbulcke: I think we were quite, I think, clear in the outlook that we have provided for '25, where we say for EBITDA margin is at least in line with potential room for improvement. That automatically stays also within that bracket, but because we specifically mentioned now '25, we do not feel it is useful to reiterate the 16% to 20% bracket at this moment.

Luuk Van Beek: But theoretically, with your guidance, you could surpass the high end of the range. And in the past, you hinted that maybe room to at the moment at least be structurally at the high end. So is there any reason to guide for the mid-term for a different range?

Luc Vandenbulcke: Yeah, I think for the midrange, we've also been very clear on that topic, and there is nothing at this stage that we need to add on this, I think. It remains valid.

Stijn Gaytant: Yeah, it remains valid.

Carl Vanden Bussche: Good. I have one more question from David Kerstens from Jefferies. David?

David Kerstens: Yes. Good morning. Thank you for the follow-up. That was actually related to the example you gave, where dredging benefits from the growth in offshore wind. I had one question. I think remaining related to that issue was the Princess Elisabeth Island, where there has been a lot of discussion in the press recently about the cost overruns. What is your position in this project? And do you also see cost overruns in the construction of the island? What does this imply for the further development of the projects when the wind farms are being built?

Luc Vandenbulcke: Yes. We are involved in the project in two ways. We have a contract within the joint venture team, Edison, for the construction of the island, and we have the island itself, and we have a contract for the laying of part of the cables from the island to shore.

I think a lot of the press you read and the turmoil around, which is generalised in the press as a cost increase on the island, refers to the electrical super structures on the island and specifically on the DC part of it, to which we are not a party. We are continuing to build the infrastructure there.

I think in terms of more specific questions on progress and financials, I think it's really more a question to Elia itself and not necessarily for us as you can understand the sensitivity of the matter with the current press attention, again, more generally to the island.

David Kerstens: Understood. Thank you very much. And is there any developments around the Danish offshore energy islands?

Luc Vandenbulcke: The Danish offshore island not that I can comment upon at this stage, no.

David Kerstens: Okay. Thank you.

Carl Vanden Bussche: I think that's it for the questions we had in the queue. I think with that, it's 10:15 and we have reached the conclusion of our earnings call for today. Of course, if you happen to have further questions or wish to provide feedback, you know where to find me. Against the backdrop of our financial calendar, if the operator can help me there.

I'd like to thank you all for your participation and Stijn and Luc for their insightful presentation and for addressing these questions. We, of course, look forward to meeting many of you during the road shows and conferences in the coming weeks.

For now, thanks again, and have a great day.

[END OF TRANSCRIPT]