



# **Analyst lunch 2023**

**“DEME, 1 year as a  
standalone listed  
company”**

Friday 9 June 2023

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Carl Vanden Bussche (IRO)





# Agenda

- Show - Simulator Orion
  - Introduction, “tour de table” & DEMA Campus
  - Retrospective “First year publicly listed”
  - Market insights
  - Investment program
  - Orderbook and zoom in on 3 projects
  - Project characteristics
  - Closing
- Lunch

# DEME Campus “in the making”

DEME LABS finished June 2023



PAVILION finished May 2024



DEME HQ start July 2024



# Retrospective - First year publicly listed



- It's a process, but we have established a foundation
- You start to understand *"who we are"*, *"how we communicate"*, ...



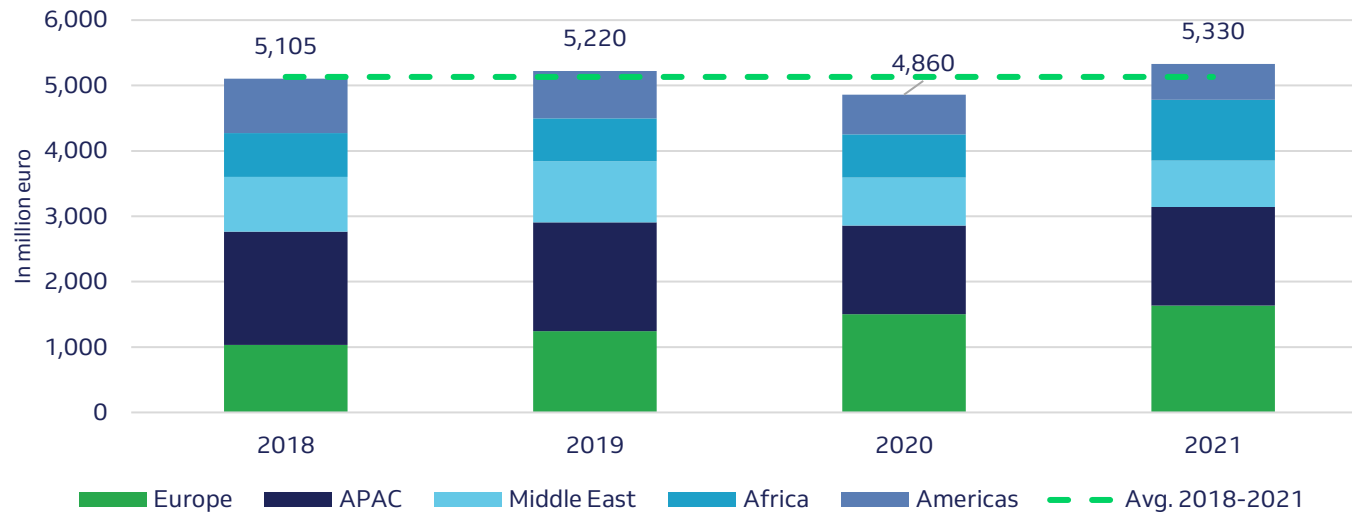
# Market insights

# DREDGING & INFRA



# Addressable Dredging market of € 5-6bn <sup>1</sup>

## Addressable market



On average, we expect this market to show a long-term moderate growth

- consistent with GDP-growth, based on long term market drivers
- with large capital dredging projects providing above average growth

## Addressable market <sup>2</sup>

Area	Market Today <i>(in million euro)</i>
Europe	~900
APAC	~2,000
Middle East	~1,500
Africa	~800
Americas	~500
<b>Total</b>	<b>5-6 bn</b>

## Closed market

Area	Market Today <i>(in million euro)</i>
US	800 – 1,200
China	3,000 – 4,000
Japan, Korea, Iran	~200
Russia	~200

Note: 1. All international companies can compete on the 'open' or 'addressable' market whereas the closed market is characterized by regulatory or political barriers preventing international contractors from operating. Sources: International Associations of Dredging Companies (2020); Review of Maritime Transport 2021; 2018 Revision of World Urbanization Prospects, multimedia library - United Nations Department of Economic and Social Affairs; Satellite sea level observations, NASA

Note 2: management assessment for the years 2022 and 2023

# Market dynamics

## Secular market drivers

### Trade activity

+80% of international trade is carried by sea, requiring dredging & infra works to ensure ship access and suitable ports

New sea routes with more regional trades

### Population and urbanisation

Population in large cities located near coastlines and rivers is set to grow, creating need for land reclamation

### Rising sea levels

Rising sea level necessitating new types of marine infrastructure and coastal protection

### Energy Transition

Oil & Gas remains part of the energy mix, leading to mega-projects in oil-rich countries and buildout of new receiving, storing, and exporting terminals

New offshore energy islands

### Multipolar world

Increased investments in national security (naval bases, ...)

Countries reducing dependency of China

## Challenges

### Chinese competition

as part of their “Belt and road” initiative

### Ukraine conflict

### Increasing trade restrictions

### Supply chain difficulties and operational delays

### Inflation

## High barriers to entry



**Complex engineering and design**



**Capital intensive**



**Versatile fleet of scale**



**Track record of execution**



**Specialist crew and staff**





# Competitive landscape<sup>2</sup>

## Addressable market

### Big 4



### Large Local



### Smaller international



### CCCC<sup>1</sup>



### Other Local

200+ Players

## Closed market



75+ Players

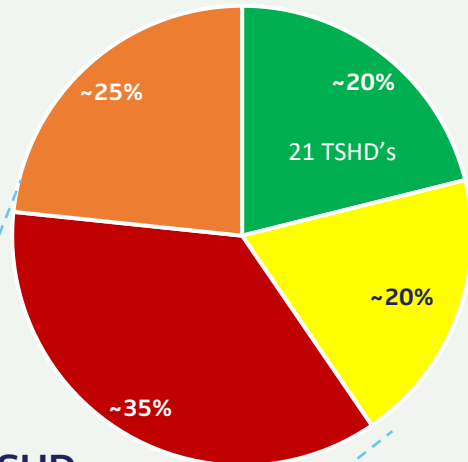
Note 1: CCCC is active in both China and the open or addressable market  
 Note 2: based on fleet database 10.01.23 for Big 4, 05.2021 for all other TSHD and H2030 fleet replacement plan (05.2020) for all other data

# Competitive landscape

## Fleet capacity Big 4<sup>1</sup>

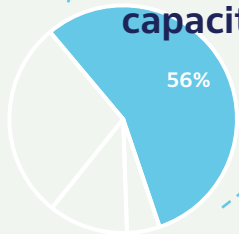


**+80 vessels**  
**~1.000.000 m<sup>3</sup>**

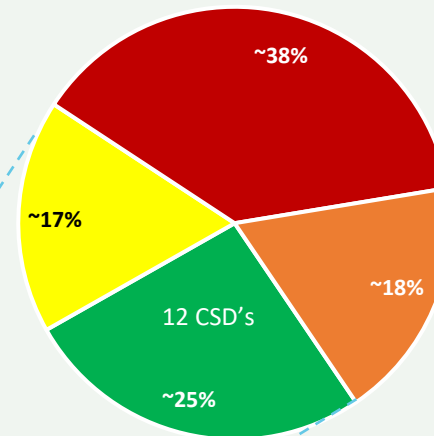


- DEME
- Boskalis
- Jan De Nul
- Van Oord

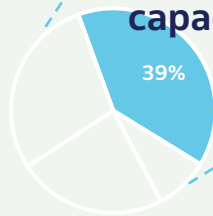
**TSHD capacity**



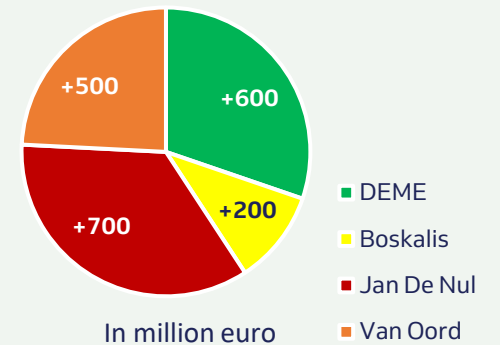
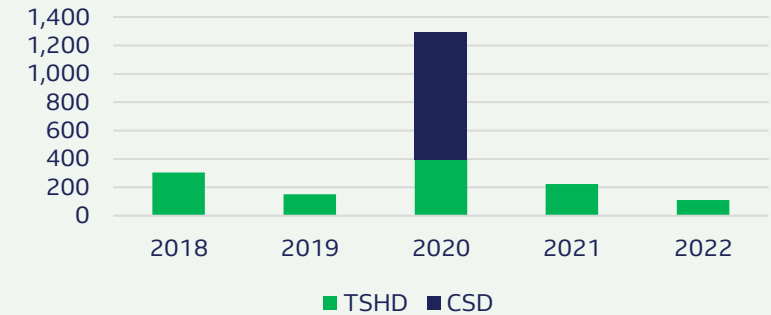
**+40 vessels**  
**~600,000 kW**



**CSD capacity**



Investments BIG 4 2018-2022  
CIRIA value 2022 (in million euro)



TSHD: Trailing Suction Hopper Dredger ; CSD: Cutter Suction Dredger  
Note 1: excl. closed market & small size vessels (CSD < 1.500 kW; TSHD < 3.000m<sup>3</sup>)

# OFFSHORE ENERGY



# Market dynamics

## Current market drivers

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- Decarbonisation** with increased targets for renewables
- Ukraine war** & the acceleration towards energy independence
- Regulatory**  
Tailwinds including EU Green Deal
- Oil & Gas** revival
- Levelized cost of energy** fueled by increasing turbine size making offshore wind increasingly more competitive
- Technological innovations** resulting in offshore wind farms at locations previously deemed unsuitable
- Potential equipment and skilled resource **shortage**

## Energy mix 2050

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### Offshore renewables

- Key vector in global response to climate change
- **Significant growth** in the coming decades



### Oil & Gas

- **Fossils to still account for +50% of energy mix by 2050**
- Russia being phased out ; **Project boom** (old & new) in **Middle East '23-'27** ; New developments in Far East & Africa
- **Carbon capture** utilisation & storage to **pick up** after 2050



### Nuclear power

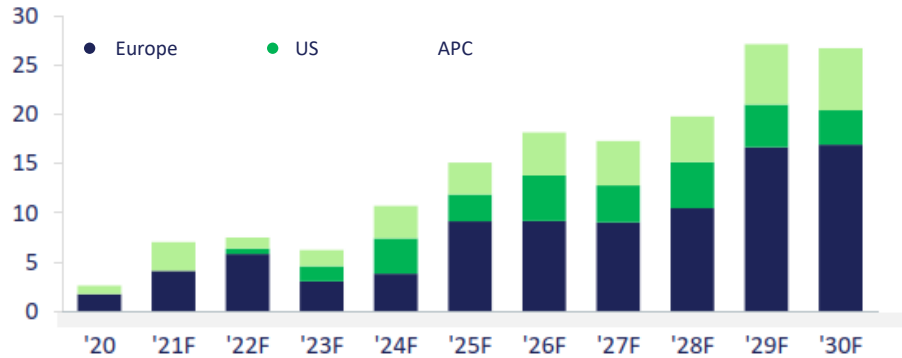
- Backbone of **low-carbon electricity generation**



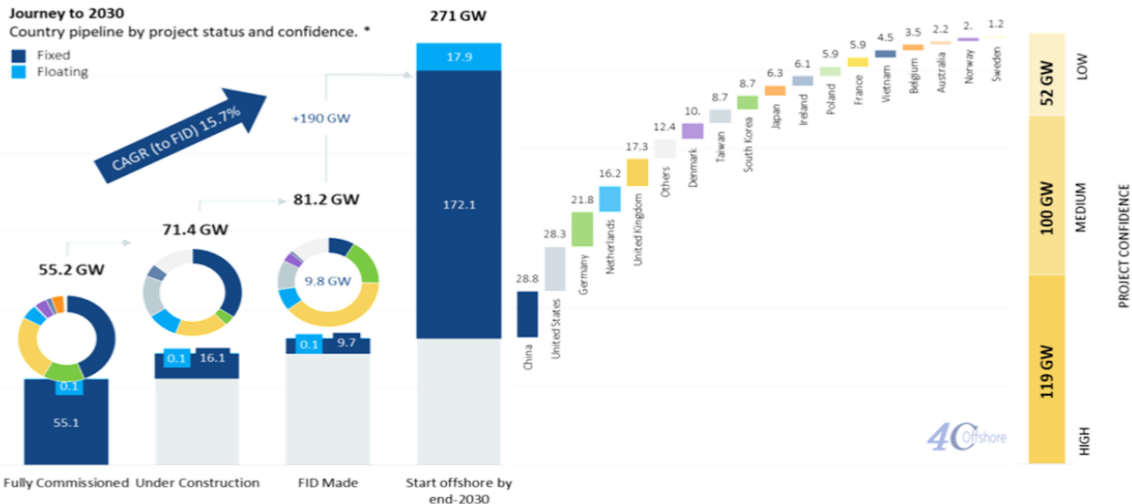
# Market dynamics | Offshore Wind

## Supporting the energy transition

Annual installed capacity, GW, T-1, excl. China



Source: Bloomberg NEF - BNEF green scenario



\* Analysis is assembled using 4C Offshore's Project Opportunity Pipeline (POP), exclusive to subscribers.

### Studies & reports signal significant market growth

- From ~5GW installed pa in 2022 to ~25GW pa in 2030
- Total market by end 2030 271 GW\*
  - by end 2030 (excl China): 212 GW or + ~180 GW
  - by end of 2035: 328 GW
  - CAGR '22-'30: ~15% (total market)

### DEME addresses 90% of total market growth (excl. China)

- US +30 GW
- UK +24 GW
- Taiwan +12 GW
- Japan +7 GW
- Rest of EUR +90 GW

**DEME assumes that the projected market growth could be constrained by permitting, financing, supply shortages, capacity ...**

\* GWEC outlook of total capacity of 317 GW by 2030.



# Market dynamics | Offshore Wind

## Turbine size continues to increase

### +15MW turbines now becoming the standard

- Impact on installation methods, vessels, foundation sizes, ...

Next-gen 17-18 MW turbines at the horizon/in development (GE, China)

## Impact of increased demand

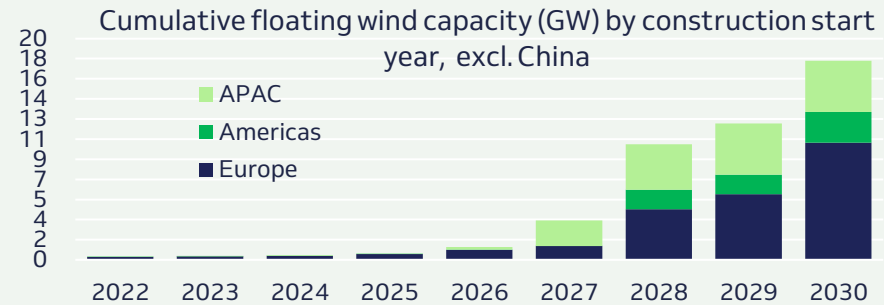
**Increased demand for vessel capacity**; Industry heavily investing in WTG and FOU vessels

Clients are willing to reserve vessel capacity up to 3-4 years before offshore construction

High workload on tender department, for works beyond 2025

Long-term commitments

## Floating Wind at the horizon

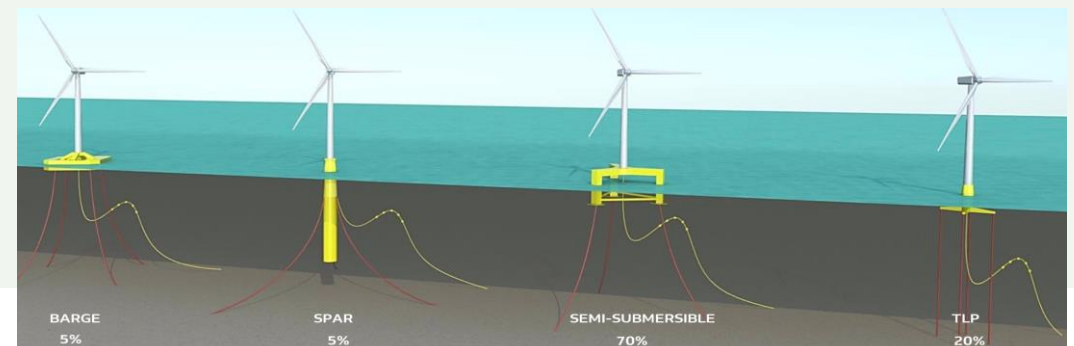


Source: 4C Offshore – Global market overview Q3 2022, 12.09.2022













While floating is gaining momentum, some projects have been delayed or cancelled due to unproven technology and financing challenges

DEME actively monitors evolution but expects real growth to come after 2030

When market takes off, it will be large (also fueled by higher CAPEX / MW)



# Competitive landscape | Offshore Wind

		  <b>FOUNDATIONS</b>	  <b>TURBINES</b>	  <b>CABLES</b>
<i>Pure charterer</i>			<b>CADELER</b> 	
<i>T&amp;I Contractor</i>			 <b>Van Oord</b>  	   <b>DEEPOCEAN</b>
<i>EPC Contractor</i>	 <b>Van Oord</b>   <b>seaway<sup>7</sup></b>		 	  

Note 1: Cumulative figure from year 2000 up to year-end 2021, source: 4C Offshore; Note 2: 1,900 km includes inter-array and export cables, current market share based on inter-array and export cables installed, forward-looking market share based on inter-array and export cables in construction/planning, source: Management estimate; Note 3: Management estimate

# Competitive landscape | Offshore Wind

## Investment programs

### Recent/Announced Offshore Investments DEME



Orion



Green Jade



Viking Neptun



Sea Installer (Conversion)



Yellowstone

### Newly announced investments since Nov 21

#### Ca. € 1bn new investments under construction or ordered

- Van Oord: Upgrade wind installation vessel Aeolus (2023)
- Jan De Nul: Acquisition cable installation vessel Symphony
- Cadeler: F-Class foundation installation vessel (2025) (+ option)
- Maersk Supply Services: Wind installation vessel (2025)
- Havfram: Turbine installation vessel (2025) (+ option)
- Eneti: Exercised option for 2nd turbine installation vessel (2025)
- Prysmian: Cable installation vessel (2025)

#### Ca. € 0.8bn investments announced

- Cyan Renewables: 1bn USD investment announced in turbine installation vessels, crew transfer vessel and service operation vessel





# ENVIRONMENTAL



# DEME Environmental

## Thriving on growing sustainability awareness and regulatory initiatives

### Fundamental long term market drivers

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#### Regulations

Local regulations to protect the environment (traceability of soil, waste management, underground water quality, ...)

#### Increased sustainability awareness

#### New environmental issues

New technologies to proactively solve emerging environmental issues

#### Urbanisation

Continued expansion of large cities drive need for more commercial and residential plots

#### Global warming

Rising sea levels drive preventive and mitigating investments to protect the coast

### European growth opportunities

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#### €680bn

EU Funding framework budget over past 7 years supporting brownfield redevelopments

#### 50% by 2050


European Action plan to boost transport by inland waterways by 25% by 2030 and by 50% by 2050

### Dutch and Belgian growth opportunities

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#### €30bn

Total value of waterway constructions in the Netherlands for the period 2018-2028 is estimated at €30bn

 Objective of starting remediation of all historically contaminated soils in Flanders by 2036

In 2021, 5,688 ha of sites in Wallonia investigated under the “soils decree” were polluted



# CONCESSIONS



# Frontrunner in green hydrogen

## Developing, building and operating industrial-scale production facilities

A promising market

### NET ZERO

Green hydrogen is **key ingredient to path to Net Zero**

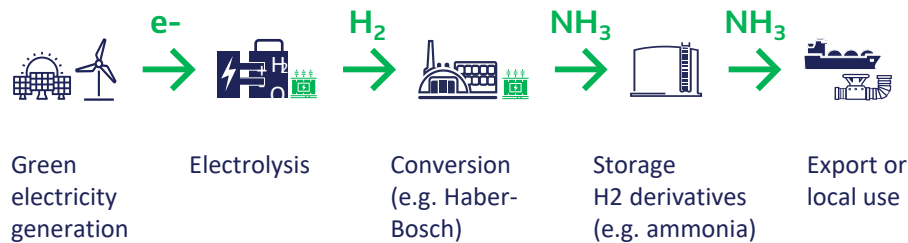
### +300 MT

Annual demand for green hydrogen is expected to **reach +300 mt by 2050**

### +3,500 GW

Electrolyser capacity is expected to **reach +3,500 GW by 2050** (vs 300 MW at mid-2021)

Spearheaded by DEME's HYPOR<sup>®</sup> projects in Oman



In which DEME is building a portfolio of green hydrogen investments

### HYPOR<sup>®</sup> DUQM

Developing first phase of 0.5 GW (electrolyser capacity) **green ammonia production facility** in Duqm, Oman

### HYVE

Co-founded HYVE, Belgian consortium to develop the **next generation of electrolysers**

With concrete ambitions moving forward

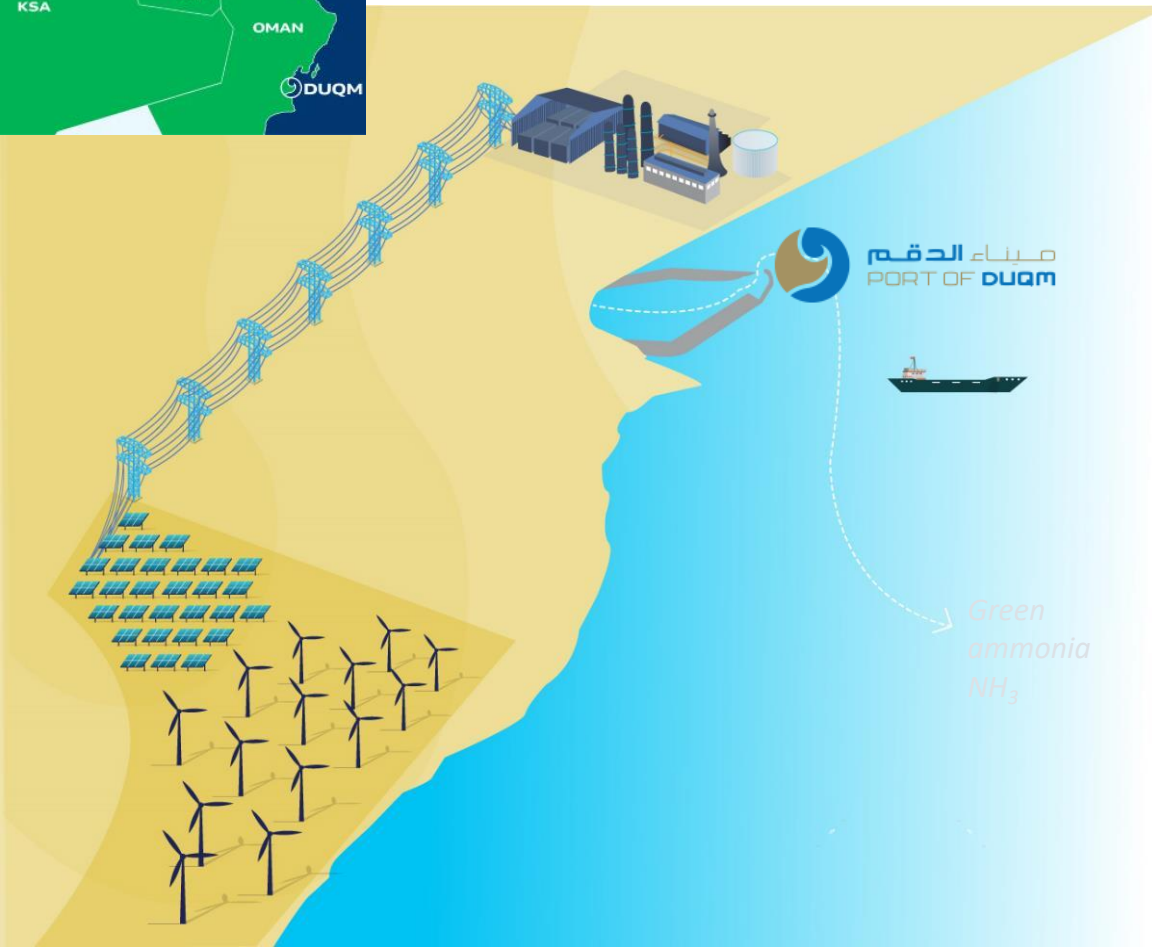
Introduce HYPOR<sup>®</sup> concept to other strategic locations

Look at opportunities to combine both offshore wind and production of green molecules



# HYPOR<sup>®</sup> Duqm

## Flagship project in Oman



**Size:** **1.5GW** electrolyzer      **>3GW** renewable generation  
**>1m** mt/yr green ammonia      **>180k** mt/yr green hydrogen

**Location:** 150km<sup>2</sup> in Duqm, Oman  
 Land Reservation Agreements Signed 2021 & 2022

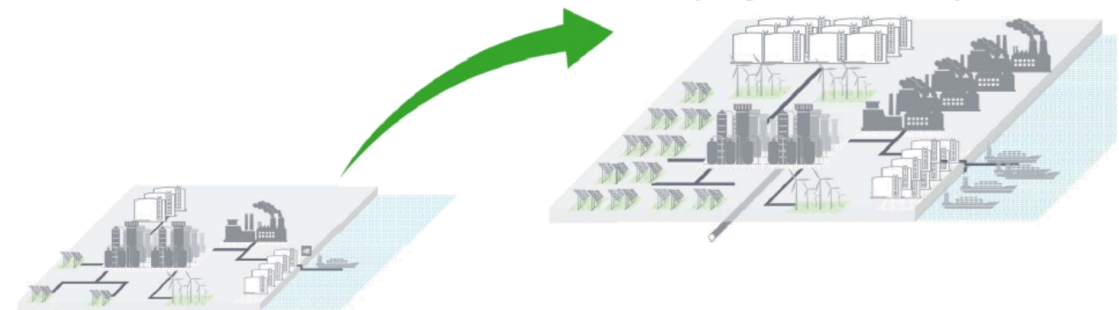
### Port of Duqm



**Phase 1:** **500MW** electrolyzer  
**>1GW** renewable generation  
**>60k** mt/yr green hydrogen  
**>300k** mt/yr green ammonia

**HYPOR Duqm – Phase 1**  
 Commercial scale demonstration project

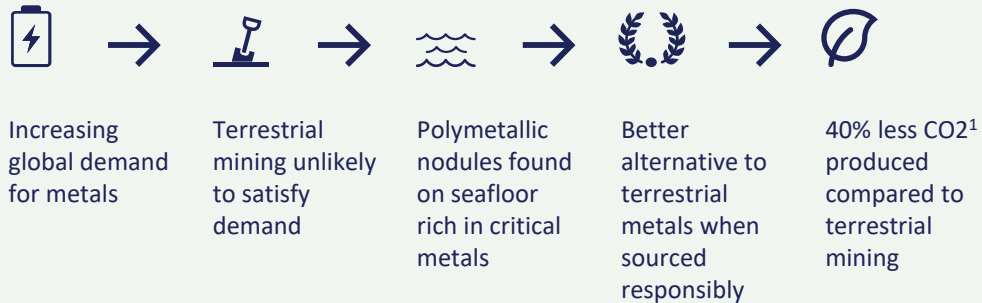
**HYPOR Duqm – Further phases**  
 Green hydrogen hub & economy



# Collecting metals | to power our future in most responsible way

Compelling long-term growth initiative with operational delivery expected in 5+ years

Deep-sea harvesting avoids environmental & social terrestrial impacts



GSR applies a precautionary step-by-step approach

**Disruptive technologies** to source nodules in most **responsible** way, from social and environmental perspective



Precautionary approach based on **environmental research and collaborations**



**Exclusive rights** in (i) Clarion Clipperton Fracture Zone<sup>2</sup> (CCFZ) regulated **by ISA<sup>3</sup>**, and (ii) Cook Island's exclusive economic zone



GSR will only apply for operating contract if & when scientifically approved as **responsible metals source** compared to sourcing land-based mined metals



Note: 1. per kg metal; 2. CCZ covers a 4.5m km2 area with an estimate of 5.9bn tonnes of manganese, 274m tonnes of nickel, 226m tonnes of copper and 44m tonnes of cobalt; 3. International Seabed Authority  
Source: Journal of Cleaner Production – “Prospective life cycle assessment of metal commodities obtained from deep-sea polymetallic nodules” (2022)



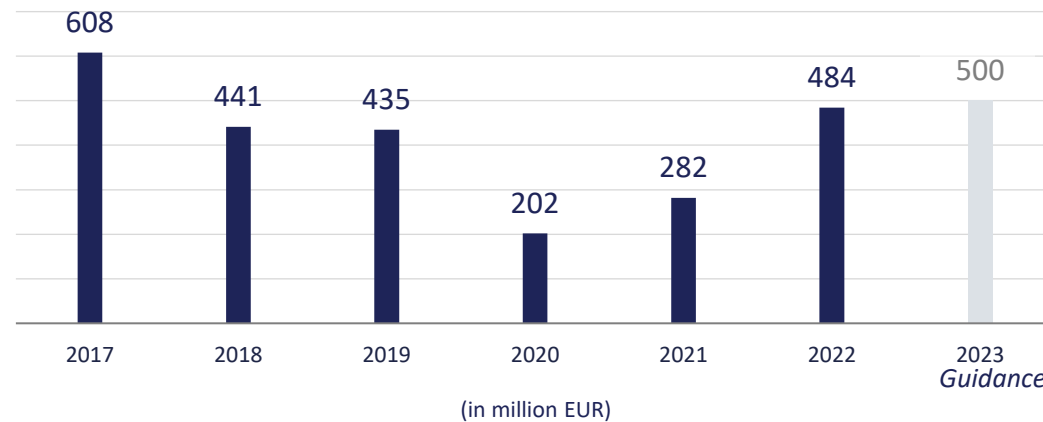


# Investment Program

# Investment program

## Continued investments in technologically-advanced fleet

### Evolution of CAPEX<sup>1</sup>



### CAPEX Highlights

- Average CAPEX 2017-2022 € +400m in state-of-the art fleet
- ~20% maintenance/upgrade investments in entire DEME fleet
- Average depreciation 2017-2022 of ~€ 260m<sup>3</sup>
- Purchase of a bulk carrier, being converted into a DP fallpipe vessel (Yellowstone)
- Offshore installations vessel 'Orion' joined the fleet in 2Q22; Green Jade on schedule to join end 2Q23<sup>2</sup>
- Conversion investments for 'Viking Neptun' and 'Sea Installer'

2023

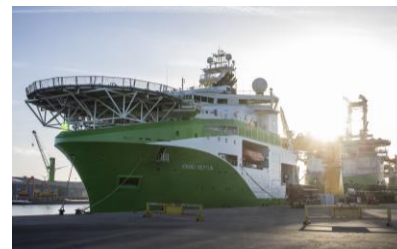
2024



Orion



Green Jade



Viking Neptun



Sea Installer (Conversion)



Yellowstone

1. Excluding investments in financial fixed assets  
 2. The investments for 'Green Jade', under construction in Taiwan by CDWE, joint-venture between CSBC and DEME, is excluded from the CAPEX amount  
 3. Average Depreciation & Amortization excluding impairments and excluding IFRS16



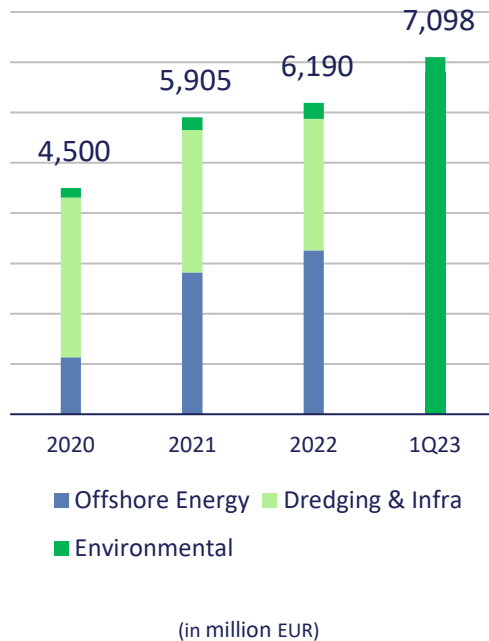


# Orderbook & focus on 3 projects

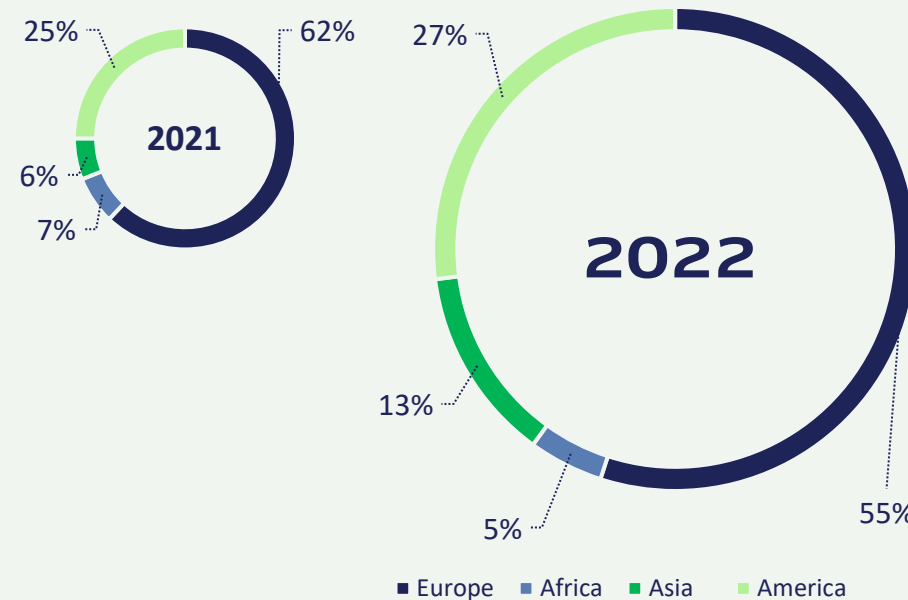
# Group orderbook

Orderbook increase due to healthy market demand and positioning

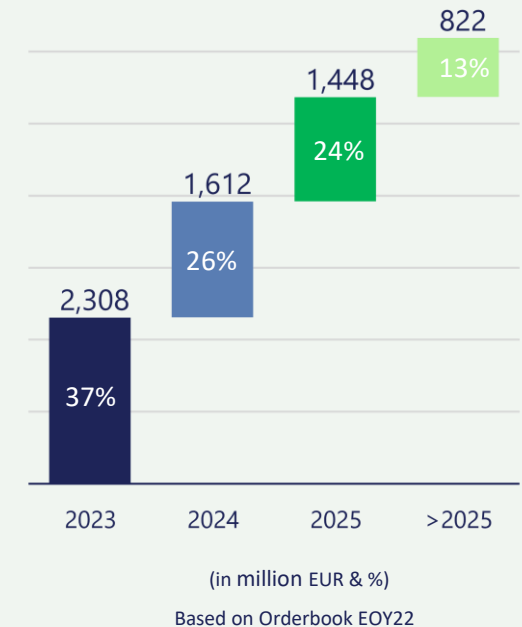
## Orderbook at all-time high



## Geographic breakdown 2022 vs 2021



## Overall orderbook providing visibility for the next 3+ years



Orderbook continues to grow and exceeds 2 times annual turnover, fueled by Offshore Energy

Diversification success

Orderbook run off indicates a promising future



# Contract win (1) : Ile de Yeu et Noirmoutier

## Winning major French offshore project

### France, Loire Atlantique



### Project characteristics

**Customer: EMYN** (Ocean Winds, Sumitomo corp and La Banque des Territoires and Vendée Energie)

**Scope includes T&I for foundations and offshore substations**

**Rocky seabed and challenging ocean conditions**

**A €+300m project**

**Scheduled to start in 1H24**

Follows the successful deployment with industry-first technology at Saint-Nazaire ; will require same innovative drilling technology (MODIGA)

Building an impressive track record of French projects:

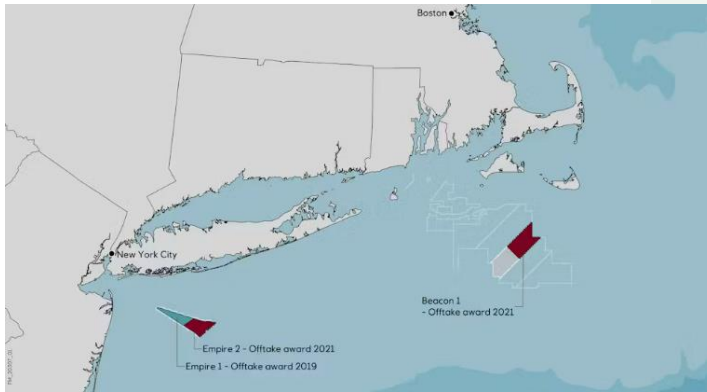
- Saint Nazaire
- Ile de Yeu et Noirmoutier
- Fécamp
- Dieppe Le Tréport



# Contract win (2) : Empire Wind 1 & 2

## Expanding in the US with execution to start as of 2023

### Empire Wind



### Project characteristics

- Customer: Equinor and bp
- Empire Wind 1 & 2 will have a total installed capacity of more than 2GW
- T&I contract for inter-array cables (350km)
- 2 sizeable contracts (€ 50 – 150m)
- Execution in 2 campaigns (4Q23 and 2H24) and with deployment of both the 'Viking Neptun' and 'Living Stone'



Viking Neptun

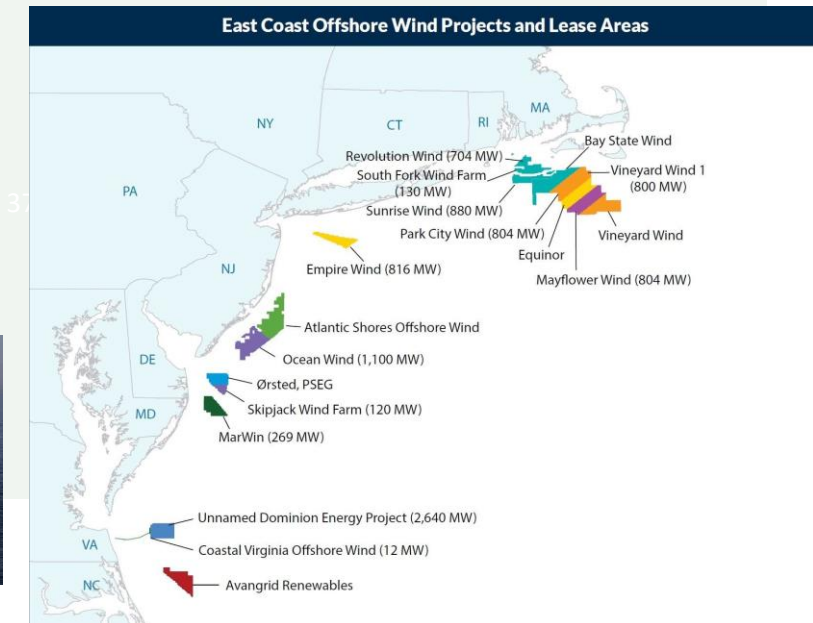


Living Stone

### Expanding in the US

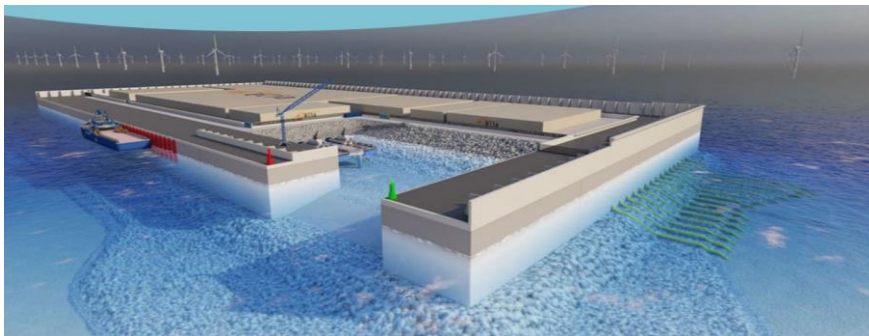
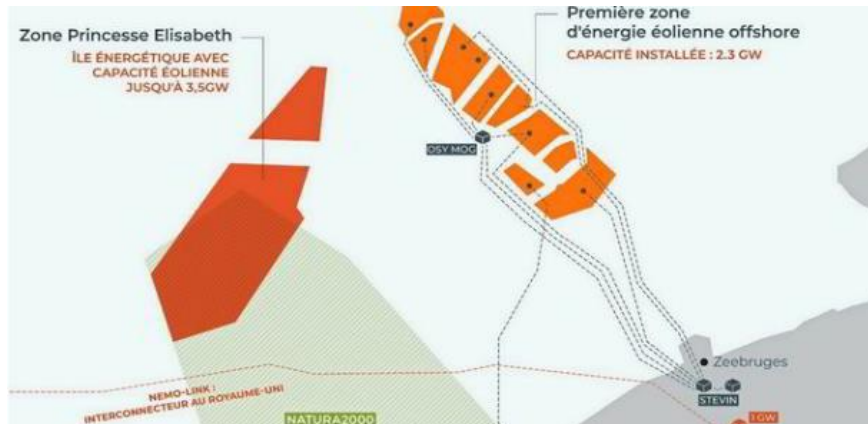
4th & 5th US Eastcoast project in DEME's orderbook following

- South Fork (cables) 13%
- Vineyard Wind 1 (800MW)
- Coastal Virginia (2.6GW)



# Contract win (3) : Princess Elisabeth Island

## Industry-first, artificial energy island to be deployed by end 2026



### Project characteristics

Customer: ELIA ; won by  
TM EDISON (Jan De Nul & DEME)

EPCI contract including further  
design & construction

Construction to start early 2024 and  
expected to last 2.5 years

A €+600m project (excluding high voltage  
infrastructure)

Island is first building block of an integrated  
European offshore electricity grid, bundling the  
wind farm export cables of the Princess Elisabeth  
zone & serving as a hub for future  
interconnectors with UK & Denmark

Combining DEME's offshore and  
Dredging & Infra capabilities

Customer expressed the ambition to have  
all new offshore wind farms (3.5 GW)  
connected with the onshore grid by 2030



Image source: Danish Energy Agency

Paving the way for the Danish North Sea  
Energy Island (10 GW) (& others)

- Tender launched ; award probably in 2025
- Expected timeline: start 2027 - 2032





# Project characteristics

# Project characteristics

## A cautious approach

### Preparation

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Project budget based on  
“Costs DOP + risk + margin”

Trying to avoid fixed price  
contracts

### Orderbook

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A contract is typically only  
taken into orderbook upon  
sufficient certainty of  
realisation ( Permits, Financial  
close, ...)

### Remeasurable contract

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Price revision mechanisms to trigger  
variation orders related to variables  
such as

- Soil conditions, cubic meters
- Sailing distance
- Weather
- ...

Escalation clauses cover for  
commodities such as materials  
fuel, steel prices; inflation...

### Project execution

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Diligent project execution is a must to  
deliver results

### Project profit recognition

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Recognize profit only after 10% of  
project completed

### Payment protection

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Credendo, bank guarantee, letter of  
credits, prepayments, ...

Currency risks hedged



# Thank you

For more information  
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# FINANCIAL CALENDAR

29/08/2023

Half year 2023 results

22/11/2023

Quarterly results  
Q3 2023

28/02/2024

Full year 2023 results



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