



Iv-Groep

ANNUAL REPORT

ENGINEERING WITH A PASSION
FOR TECHNOLOGY

2016

COLOFON

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OPENING OF THE PANAMA CANAL EXPANSION PROJECT

The Panama Canal Expansion project is the largest infrastructure project in Panama since its original construction in 1914. In total, the Panamanian government has invested nearly 5 billion dollars to widen the canal. Iv-Groep played an important role in this prestigious hydraulic engineering project. Iv-Groep carried out the design of the sixteen lock gates and integral RAMS analysis of the whole complex. The locks are located directly above two fault lines that cause both small and large earthquakes regularly. The lock gates are able to withstand this seismic activity. On 26 June 2016, China COSCO Shipping was the first in line to pass through the new Panama Canal with its large container vessel Andrikos during the official inauguration. Iv-Groep looks back on this mega project with great pride.



Panama Canal
Autoridad del Canal de Panama

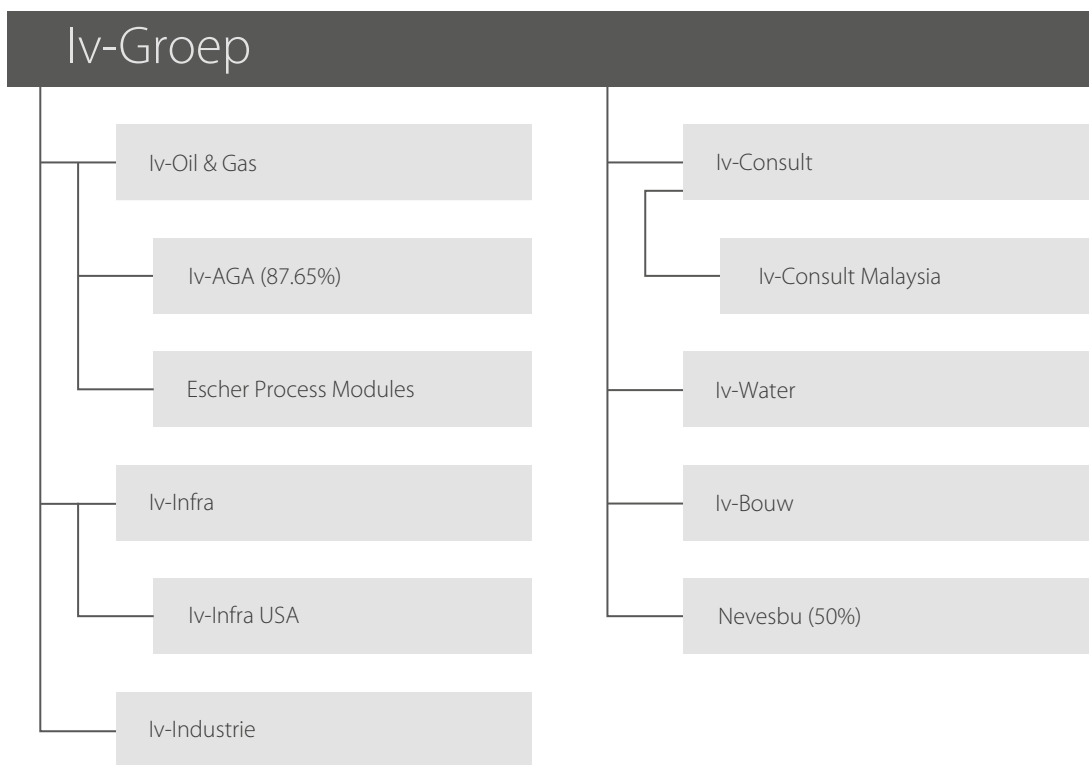
COMPANY PROFILE

Iv-Groep operates globally as an engineering and consulting company. With 800 professionals, we offer multidisciplinary services in the following markets: Buildings, Industry, Infrastructure & Mobility, Maritime, Energy, Special Structures & Equipment and Water. Iv-Groep is a specialist in worldwide project execution.

We have extensive in-house knowledge in all relevant disciplines enabling us to provide the best results in large, complicated and fully integrated projects. Driven by our Passion for Technology, Iv-Groep places a great amount of value on quality. Quality costs time and money and while it doesn't always lead to higher profits, it does lead to continuity. This strategy has allowed Iv-Groep to keep a finger on the pulse of the business in this rather difficult economic climate.



KEY FIGURES



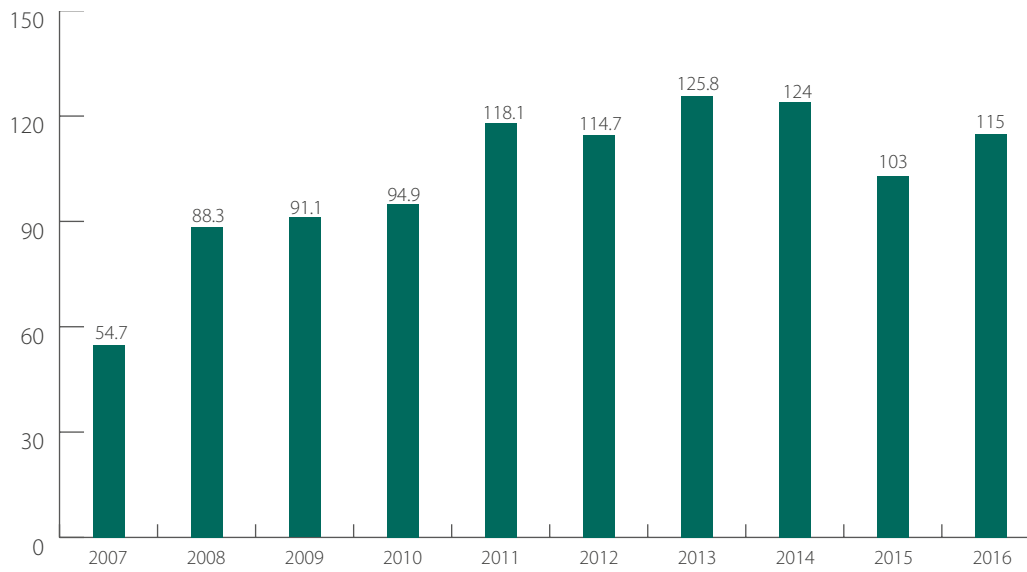
Financial

	2016	2015	2014
Turnover (in millions of euros)	114.9	103.0	124.0
EBITDA before exceptional pension surcharge (in millions of euros)	4.6	7.2	17.2
EBITDA after exceptional pension surcharge (in millions of euros)	4.6	-21.5	0.5
Net profit (in millions of euros)	2.3	-15.2	-0.4
Equity (in millions of euros)	28.1	25.8	22.6
Solvency (in %)	31.1	23.1	33.8
Quick ratio	2.9	2.1	1.5
Acquisitions in tangible fixed assets (in millions of euros)	0.7	0.4	1.2

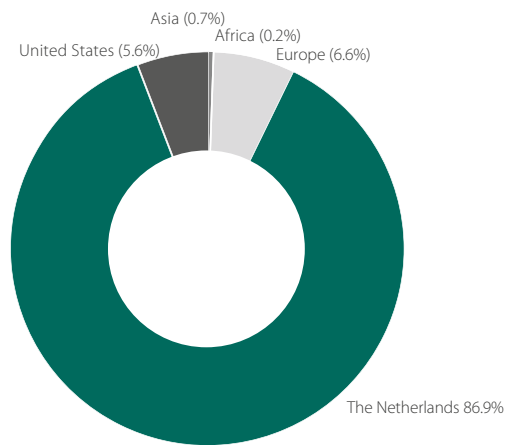
Non-financial

	2016	2015	2014
Number of staff (in FTEs)	761	804	915
Sick leave (in %)	2.66	2.52	2.27
Injury frequency	2.7	0	0
CO ₂ emissions (in tonnes)	3,292	3,967	3,893

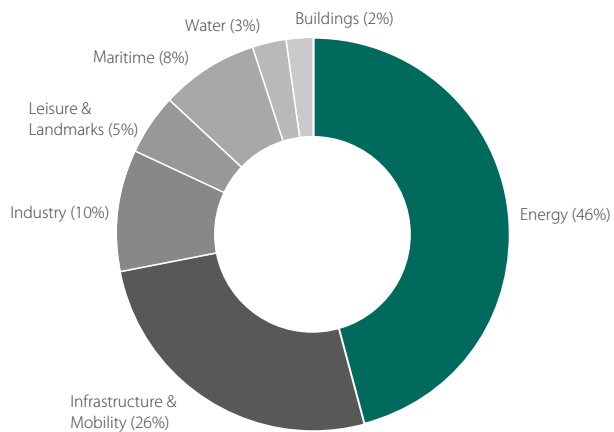
Turnover (in millions of euros)



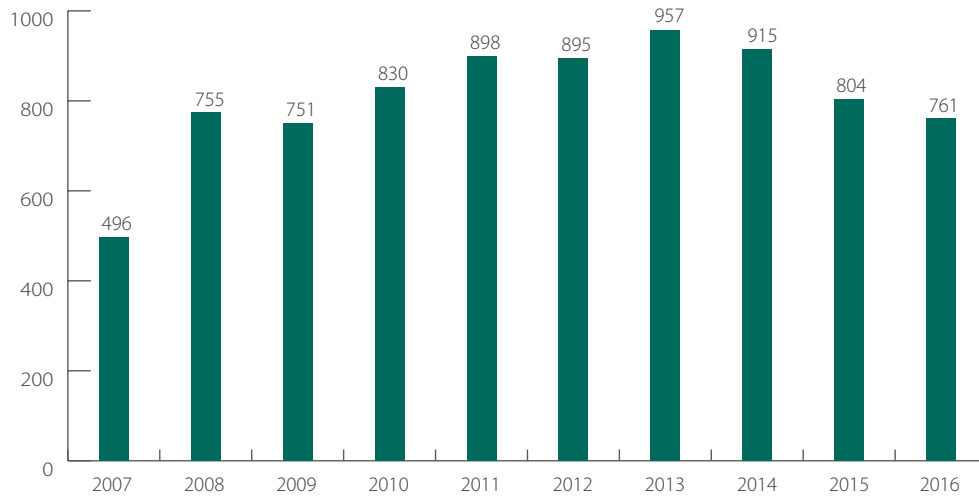
Turnover per geographic region (region where client is located)



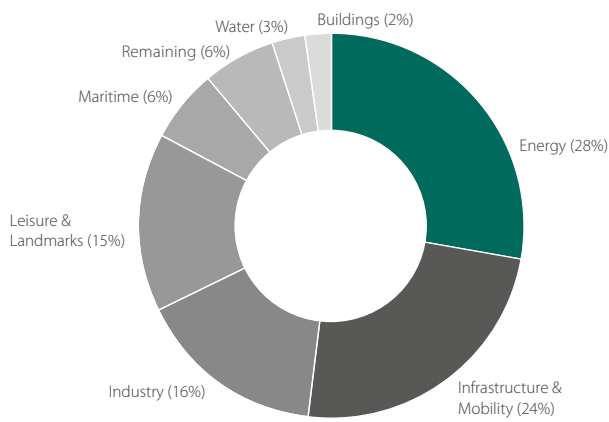
Turnover per market (excluding intercompany turnover)



Number of staff (in FTEs)



Number of staff per market (in FTEs)



FINANCIAL

Revenue and results

Our net revenue amounted to €115 million, a considerable increase compared to the previous year (€103 million). The big difference is attributable mainly to a shift in invoicing for a large project at Iv-Oil & Gas. In each segment of the market, however, some clear trends are observable. For example, our industry and maritime revenue rose by 10% or more, while our 'special structures' revenue decreased by a similar percentage. There was a sharp decline in revenue at Escher, which supplies turnkey installations for the oil and gas market and suffered under the poor market conditions.

Due to the difficult market conditions (especially in the oil and gas industry), our operating result was somewhat disappointing. The pre-tax result came to €3.2 million. EBITDA amounted to €4.57 million (down from €7.21 million in 2015).

Financial instruments

Iv-Groep has an active policy designed to protect the operating margin on projects invoiced in a foreign currency. In order to hedge the risks, we hold a number of currency futures contracts. To the fullest extent possible, we attempt to use inbound US dollar flows to finance outgoing cash flows.

Risk management

Even for an engineering firm like ours, it is becoming increasingly important to manage risks. Our sector is frequently portrayed as one that works purely on the basis of invoiced hours. But that has not been the case for a long time now. Project risks, financial risks and even political risks all confront us now. In an increasingly complex and uncertain world, this is by no means a simple task for us. Risks are covered by insurance policies.



Quay wall Maasvlakte 2
Port of Rotterdam

Iv-Groep maintains a permanent risk register. A distinction is made between the following types of risks:

Strategic risks

We are highly dependent on market developments. Examples include movements in oil and gas prices, but also the energy transition and its consequences. We are keeping a sharp watch on developments, particularly through the media (Het Financieele Dagblad, BNR Nieuwsradio), and financial institutions and trade associations also provide us with information.



Operational risks

The projects that we carry out are usually based on a contracting price. Our project accounting system in combination with our management information system provides senior managers with the information necessary to estimate risks of projects in progress. More and more often, we also run work performance risks, either because we take on projects together with the contractor in a joint venture or because we handle projects ourselves on an entirely turnkey basis. Projects of this kind require a high degree of control. In this respect, we believe we are still able to take some steps forward; therefore we are busy with developing and implementing systems for this purpose.

Financial risks

Financial risks include exchange rate risks, interest rate risks and financing risks. Exchange rate risks are hedged to the fullest possible extent. Project financing is an important subject when entering into contracts. Generally speaking, we assume a positive or neutral cash flow.

Legislative risks

There are few risks of this kind in our line of work. However, we must ensure we are completely familiar with what is going on in this field in order to respond effectively to relevant developments.

Acquisitions

Iv-Groep has not completed any new acquisitions during the year under review.

OUR PEOPLE

Due to the low oil price and resulting lower capacity utilisation, we reduced our use of temporary employees as much as possible last year. For the first time in our history, we had to make a decision to make eight of our permanent employees redundant. The volume of work had decreased so much that there was structural idle time and only a small likelihood of a swift recovery. Therefore, we decided in close consultation with the Works Council to terminate almost the entire Detailed Drawings for Steel Constructions department through redundancy. It was a highly emotional period for all concerned, but we are confident we have made good arrangements for the affected employees. The Works Council played a particularly important role in this regard.

It was also the first time in many years that recruitment was not the central consideration at HRM. For years in succession, our greatest challenge was to find well-trained engineering staff. At this time, the demand for new employees was unfortunately relatively small, while numerous redundancies at sector-related companies meant there was an ample supply of skilled workforce available.

Key indicators like the sick leave rate and workforce churn were again monitored carefully in the year under review. Our sick leave rate came to 2.66% (compared with 2.52% in 2015). Churn was the same as in previous years (approximately 5%).

During a difficult period it is important to devote attention to workplace atmosphere, training and working conditions. Various initiatives were developed in these areas, and they will be followed up in the period ahead.



Pension scheme

On the 1st of January 2015, our pension scheme was transferred to Aegon in the form of a Defined Benefit (DB) plan. The arrangement with Aegon is renewed from year to year. We have an average salary scheme. The new scheme was continued in 2016. Nevertheless, talks are in progress to see whether such a scheme can be kept in place for the long haul. As a result of the guaranteed nature of the scheme, it is necessary to purchase pension directly in the form of long-term fixed-interest securities. Due to the extremely low interest rates, this means we must be satisfied with a poor return over the entire term of the scheme up to the pension payout. Low interest rates translate into low benefits. You could say 'You know what you will get, but you don't know what it will be worth'.



In the course of 2017 we expect to switch to a Defined Contribution (DC) scheme. Details of this scheme were not known at the time of publication of this report.

Works Council

Works Council elections were held in 2016. There was sufficient interest, meaning our Works Council is again operating at full strength. Elections were even necessary at a number of constituencies. A large number of new members therefore joined the Works Council and take their role seriously. They have attended various training courses in the year under review.

The Works Council fulfils an important role at our company. Cooperation between the Board and the Works Council is good and there

is close collaboration in various areas. Much attention was again devoted to our pension scheme. Deciding which pension scheme will ultimately be best for the scheme members is not easy and requires in-depth knowledge. Additionally, the essential reorganisation mentioned earlier had a big impact. These are by no means simple decisions for which the Works Council must give its opinion or sometimes consent.

The Board of Directors wishes to record its appreciation and gratitude for the astute, often critical yet always constructive input of the Works Council.





2016: ENERGY TRANSITION IN FULL SWING

Iv-Oil & Gas has worked on numerous offshore substations for wind farms and is currently working on the 700 MW HVAC transformer substation Borssele Alpha.



Overall Solutions for Maasvlakte 2
Port of Rotterdam

THE WORLD WE OPERATE IN: OUR MARKETS



Buildings



Energy



Industry



Infrastructure
& Mobility



Maritime



Special
Structures &
Equipment



Water

MARKET DEVELOPMENTS IN THE PAST YEAR



Buildings

In contrast with residential construction, the non-residential construction sector in the Netherlands has still not returned to the pre-crisis level. This has exerted pressure on the market for building-related installations, and yet ample opportunities do exist. The drive for sustainability and energy transition are among the developments with a major influence on the installations in buildings. Using less gas and replacing it by electricity is not something that can be accomplished overnight. Therefore, the market is likely to change in the coming years, with a shift from new construction to sustainability. This will necessitate important choices regarding energy storage (how and where?), energy generation (locally or centrally?) and energy transmission. These are attractive developments that open up opportunities.



Energy

The oil and gas market proved extremely difficult. No projects whatsoever came on to the market. This prompted tough measures at most offshore-related companies. Redundancies occurred everywhere – at IHC, HFG, SBM, Fugro and elsewhere – and seemed unavoidable. It was a question of surviving until the market revived. But for how long can this be sustained? The market is almost completely dependent on the oil price. A number of years ago the price of oil was around \$130 per barrel; two years ago the price had nosedived to a low of around \$30 per barrel. The worst now seems to be over. The oil price seems fairly stable at present in a price range of between \$50 and \$55 per barrel. It is obviously a long way from what it once was, but high enough to give the market some renewed confidence. The world is on the eve of a major energy transition. This development has been accelerated by the Paris Agreement on climate change. It was agreed to limit the global temperature increase to 2.0°C. This means that CO₂ emissions must be reduced drastically. Alternative sources of energy are wind, solar and biomass energy.

For the northerly countries, wind energy appears to be the most attractive alternative. For the countries around the North Sea, this means mainly offshore wind energy. It is a new market being vigorously cultivated by multiple parties. For example, SIF built a factory in the Maasvlakte industrial zone especially for wind turbine monopiles, and dredgers are investing in vessels for the installation of wind turbines and the laying of cables. For Iv-Holding, too, opportunities exist. At wind farms located farther from the coast, the generated electricity must first be converted to direct current and a higher voltage level. Iv-Oil & Gas has a lot of experience in designing these stations. Last year we obtained the first projects, and in the coming years we expect to grow revenue in this segment of the market.



Industry

Dutch industry is clearly growing once again. Food, pharmaceuticals and chemicals are sectors that are doing particularly well. The eye-catchers are companies that are export-focused. Innovation appears to be the key to success. Companies that have invested in new technology in recent years are now reaping the rewards. This is also clearly noticeable among our customers. Tata Steel, Friesland-Campina, Abbott and BASF are examples of customers that rely on innovations and exports and have major growth plans thanks to their success in these areas.



Infrastructure & Mobility

Iv-Infra mainly serves the Dutch market. A number of large Design & Construct projects are currently in progress in the Netherlands and contracts like these hold the contractor responsible for both design and construction. Generally speaking, the contractors cooperate with one or more engineering firms regarding the execution of these projects. Iv-Infra is involved in several of these projects. Among other things, Iv-Infra is a partner in the design team for the new sea locks at IJmuiden and improvement of the Amsterdam ring road, as well as other projects.

The increase in the number of Design & Construct projects also has a shadow side. More and more often, the contractor prefers the design work to be handled at a centralised project office. Specialists of the contractor collaborate with engineers of the engineering firm at a single location. This demands considerable flexibility from our employees which means they have to be willing to perform their work at a location somewhere else in the country instead of commuting each day to their own office. The long travel times in particular may pose a problem for some but fortunately, a majority of our employees are prepared to cooperate in this respect.



Maritime

Nevesbu, a company in which Damen and Iv-Groep each hold a 50% share, specialises in naval vessels. Besides frigates and corvettes, the company has directed its attention towards submarines in recent years. In the distant past, Nevesbu made a major contribution to the development of the Walrus class submarine for the Dutch navy. More recently Nevesbu has been among other companies working on a new submarine for a foreign navy and is currently involved in converting a submarine for another foreign navy. Also in the Netherlands, there is interest in developing a new boat where once again Nevesbu will be involved as the development of such a boat requires numerous specialised engineers. A single new submarine produces many years of work for Nevesbu. Given the political tensions in the world, the development of new material is likely to continue and Nevesbu will undoubtedly benefit from this.



Special Structures & Equipment

What makes us stand out from most other engineering firms is particularly our specialised expertise in steel and mechanical engineering. This knowledge is often used in combination with other disciplines, as in the offshore industry, infrastructure or industrial sector. We also have a focus on mono-disciplinary projects such as cranes, tools and landmarks. In recent years our focus was so strongly concentrated on offshore-related projects that the downturn in this sector has had consequences for steel and mechanical engineering specialists. In a short time, they had to switch their focus to those other markets, but that proved to be time-consuming and not so simple. Markets like cranes & tools rely heavily on the oil & gas industry and are thus also experiencing a downturn: investments in landmarks were generally deferred because of the financial crisis. So we have to conclude that the market for steel and mechanical engineering stagnated.



Water

In the Netherlands, the water authorities are responsible for the quality and quantity of the water supply. In terms of quality (wastewater), the market exhibits little movement. Over the past decades sufficient installations were constructed to treat the wastewater and major new developments are unlikely meaning the market is limited to minor modifications and maintenance. Industry is a sector where there is still growth. It is becoming increasingly attractive for industry to treat its own wastewater instead of discharging it and having to pay discharge levies.

Accountability for drinking water rests with the drinking water companies. The same picture is observable here. As there are no large investments, the market is mainly limited to maintenance.

If you look at water in a wider perspective, you suddenly see ample opportunities. Internationally, clean/fresh water is one of the biggest problems/threats. This is where opportunities exist for further growth.

Another perspective to consider is water safety, or the battle against flooding by rivers and sea. Existing structures need to be modified due to rising sea levels (caused by global warming). At many places worldwide, sufficient safety is completely lacking. This is a market where Dutch companies enjoy an excellent reputation and can capitalise possible opportunities all over the world.



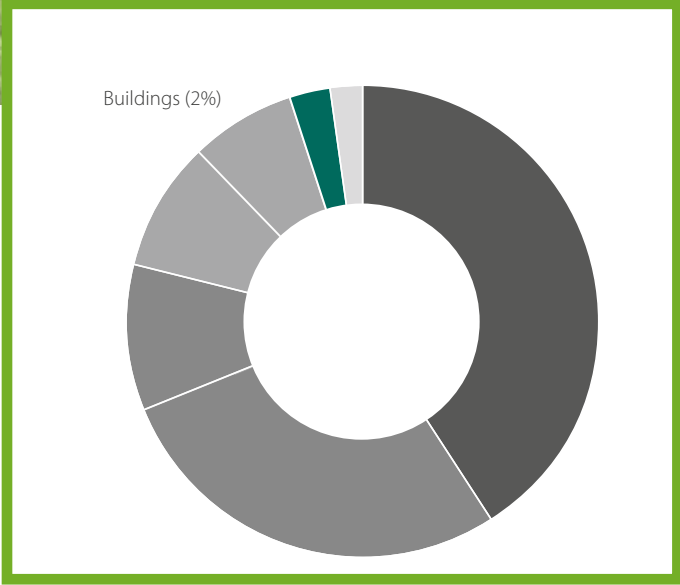
Sports Parc Willem-Alexander
Municipality of Schiedam



BUILDINGS

Iv-Bouw focuses on building-related installations. At a time when sustainability is being pursued, building-related installations receive a lot of attention. Buildings must be made sustainable and preferably energy-neutral. Despite the difficult market for non-residential construction, there is more than enough to do. However, there is fierce competition.

Iv-Bouw increased its revenue slightly and recorded a pre-tax margin of 10%.



Company: Iv-Bouw
Location: Sliedrecht (the Netherlands)



The Alba B3 Compression Platform
Marathon Equatorial Guinea Production Ltd



ENERGY

Iv-Oil & Gas focuses on the offshore oil & gas market and the offshore wind energy market. Most of our customers are oil companies and contractors. For the oil companies we carry out mainly Front-End Engineering Design (FEED) studies and maintenance work and for the contractors we generally take on complete EPC work in joint ventures for oil & gas as well as wind energy projects.

Due to the low oil price, the offshore oil & gas market was virtually at a standstill in the year under review, hitting the entire market. In contrast, the offshore wind energy sector is only at the beginning of its development, at least if all plans are put into effect and if we adhere to the Paris Agreement on climate

change. By winning the Borssele Alpha and Beta project together with HSM, we took an important step in the further development of this market.

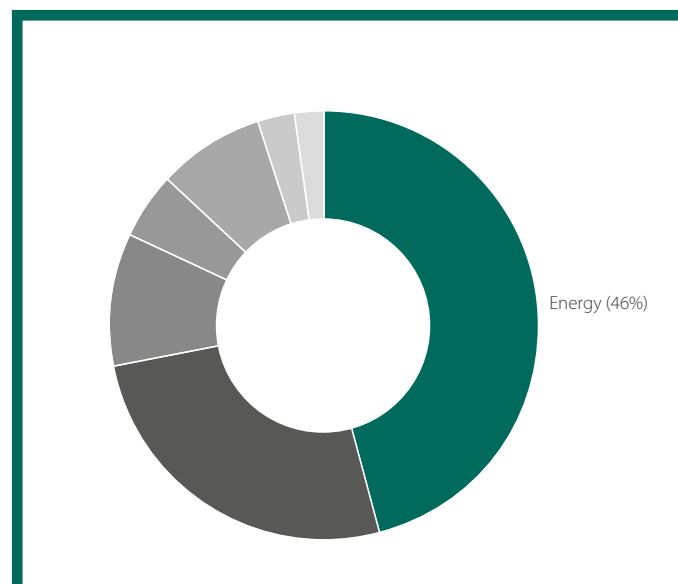
Net revenue rose significantly, partly thanks to the resolution of a dispute with an important client that enabled us to invoice revenue from the previous year. The pre-tax margin amounted to 5%.



Escher specialises in the EPC delivery of process skids and flares. To a considerable extent Escher is dependent upon the oil & gas market and obtains its revenue in different parts of the world, including China, the Middle East and Europe.

The low oil price meant that revenue was substantially below expectations. Therefore, Escher was unable to post figures in black.

Companies: Iv-Oil & Gas, Iv-AGA, Escher Process Modules
Locations: Papendrecht (the Netherlands) and Houston (USA)





Decoration Bay dismantling project Hangar 14
KLM E&M



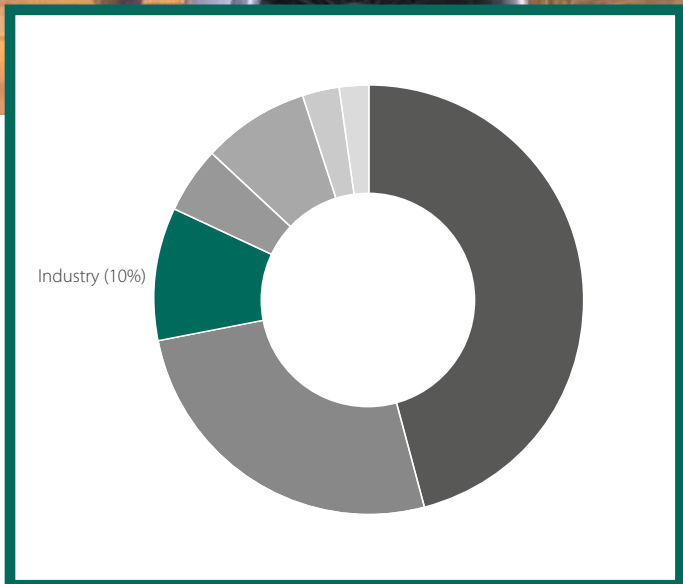
INDUSTRY

Iv-Industrie undertakes multidisciplinary engineering projects for industrial clients and focuses on three specific sectors:

- Food industry
- Pharmaceutical industry
- Niche markets in the steel and chemicals industries

The Industry sector is performing well in the Netherlands and after a number of lean years; numerous investments are now being made. Food, pharmaceuticals and fine chemicals are leading the way. Iv-Industrie has proved capable of continually increasing its market share and large clients like FrieslandCampina and KLM E&M are finding their way to us.

The steady growth of our customer base and the scale of our projects resulted in a 10% increase in revenue. Our pre-tax profit amounted to 5%.



Company: Iv-Industrie
Locations: Arnhem, Haarlem (the Netherlands)



Railway Bridge Zandhazenbrug
Directorate-General of Public Works and Water Management



INFRASTRUCTURE & MOBILITY

Iv-Infra is involved in large infrastructure projects for clients like the Directorate-General for Public Works, Water Management (Rijkswaterstaat) and ProRail, as well as smaller projects commissioned by provincial and local authorities. Major projects are nowadays usually put out to tender as Design & Construct contracts meaning contractors are becoming increasingly important to us. It is becoming prudent to join the most promising group in the tender phase or even earlier. At the same time, it is important for the contractor to have

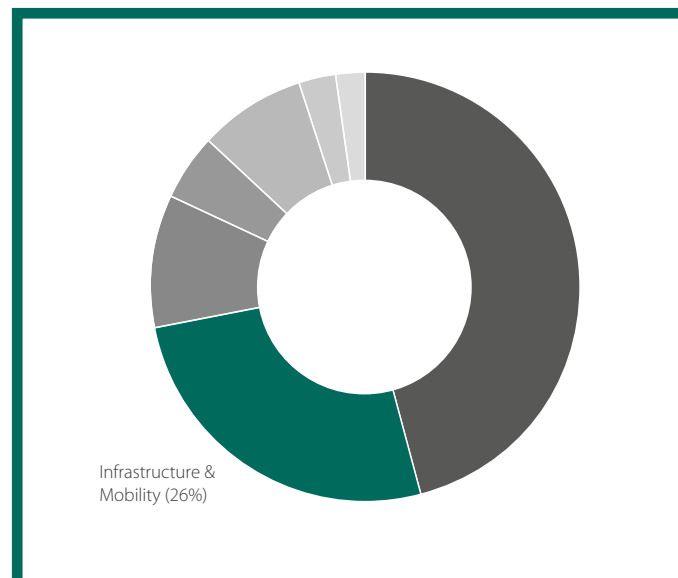
as a partner the best, most experienced and most creative engineering firm. Within this playing field, Iv-Infra holds an excellent position and can usually succeed in joining one of the larger groups.

Examples of projects in which Iv-Infra is involved are the new sea locks at IJmuiden, the new port in the Maasvlakte industrial zone for SiF, the Hartel tank terminal and the Muiderberg Bridge. We are proud to be a part of all of these projects.



An excellent result was achieved with slightly higher revenue (10% before taxes).

Companies: Iv-Infra, Iv-Infra USA
Locations: Sliedrecht, Nieuwegein, Arnhem & Haarlem (the Netherlands) and Houston (USA)





Life Extension Programme Dutch Submarines
Ministry of Defence, Defence Materiel Organisation

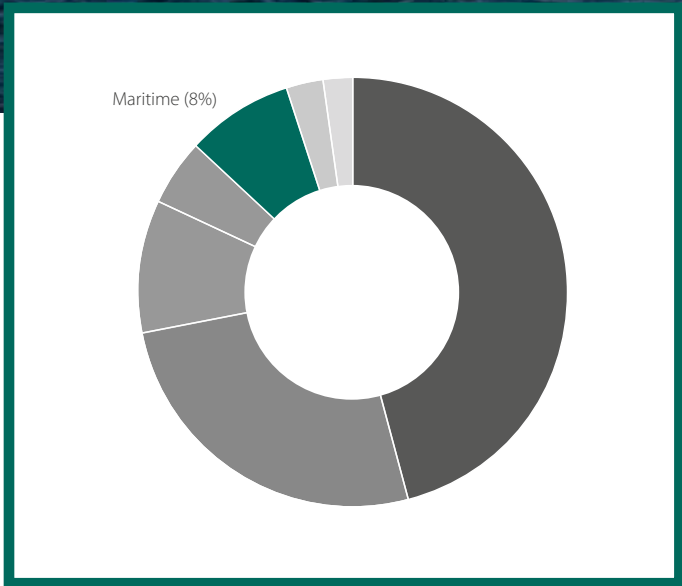


MARITIME

Nevesbu specialises in naval vessels and ships for the offshore industry. In the year under review, considerable attention was devoted to a single project: Petrojarl. This concerns the conversion of an FPSO unit (Floating Production, Storage & Offloading). Damen Shiprepair is our client for this project. Due to changes initiated by the customer, the amount of work is considerably larger than originally envisaged.

A second project receiving special attention is the renovation of two submarines for a foreign navy. This project is being carried out together with RH Marine.

Revenue rose by more than 30%. The result also increased and amounted to almost 10% of revenue (before taxes).



Companies: Nevesbu, Nevesbu Sdn. Bhd.
Locations: Alblasterdam (the Netherlands) and
Kuala Lumpur (Malaysia)



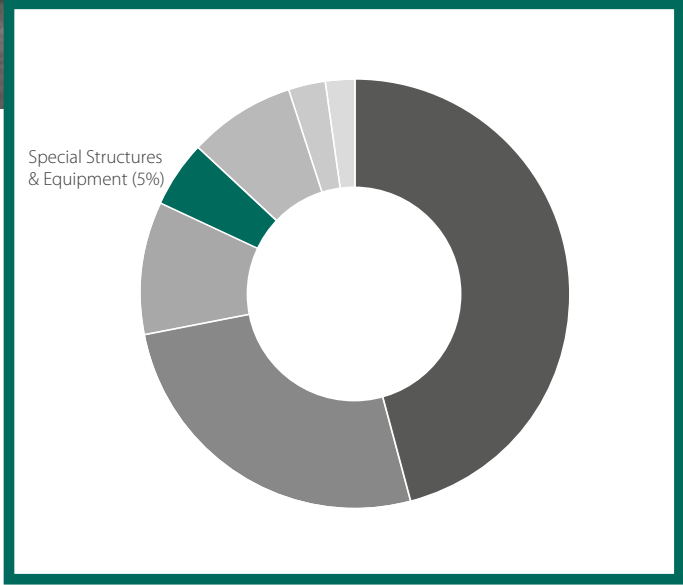
33 Central (London)
Wells Fargo



SPECIAL STRUCTURES & EQUIPMENT

Iv-Consult stands out as the premier specialist in steel and mechanical structures. The market of Iv-Consult consists of contractors, steel fabricators, the transshipment sector (cranes, tools and similar) and industry in the widest sense. Iv-Consult often cooperates with other Iv-Groep divisions on multidisciplinary projects.

The year under review was a difficult one for Iv-Consult. While the preceding years were undoubtedly boom years, the slump in the oil and gas market was a hard blow. The focus had to be shifted from offshore to onshore which takes time. However, given the specific knowledge that we possess, we are optimistic about the future. Revenue and result were both disappointing, with a loss incurred for the first time in many years.



Companies: Iv-Consult, Iv-Consult Malaysia
Locations: Papendrecht, Almere (the Netherlands) and
Kuala Lumpur (Malaysia)



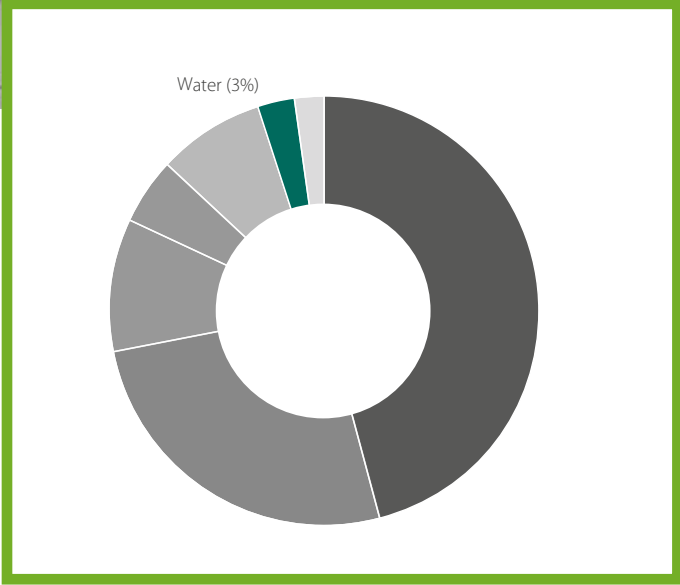
Sewage Treatment Plant Aarle-Rixtel
The Aa en Maas Water Board



WATER

Iv-Water serves the wastewater, drinking water, process water and surface water markets. Even though the market exhibited little growth, Iv-Water was able to reinforce its position somewhat. Iv-Water's most important clients are water authorities and installation companies.

With slightly higher revenue, the company achieved a pre-tax margin of 10%.



Company: Iv-Water
Location: Sliedrecht (the Netherlands)

TECHNICAL EXCELLENCE AND AN AESTHETIC SHOWPIECE

The new sea lock in IJmuiden will be 70 metres wide, 500 metres long and 18 metres deep. With these dimensions, it will be the largest sea lock in the world. Construction started in early 2016 and the new sea lock will be available for shipping by the end of 2019. Iv-Infra made the tender design for the new sea lock and its moving mechanism and is now involved in this project to elaborate upon the design.







Conservation inspection of the Moerdijkbrug
ProRail

SAFETY

Safety is a key element of our company. To a large extent, safety is a question of adopting the correct mind-set. Regardless of how many rules are made, it ultimately concerns behaviour and risk awareness. An engineering firm may not be the most stressful workplace when it comes to safety but we frequently enter building sites or carry out inspections, and of course our designs must meet all safety requirements.

Iv-Groep introduced its ten 'Golden Rules of Safety' in 2016 to increase awareness of safety regulations within the workforce. The injury frequency in 2016 was 2.7 (compared with 0 in 2015).

Iv-Groep holds SCC** certification.



	2016	2015	2014
Number of accidents resulting in long-term incapacity/absence (> 15 days)	0	0	0
Number of accidents resulting in short-term incapacity/absence (< 15 days)	3	0	0
Number of fatal accidents	0	0	0
Accident-related absenteeism (in days)	9	0	0
Number of accidents without absence	5	7	3
Number of environmental incidents	0	1	0
Injury Frequency	2.7	0	0



Sewage Treatment Plant Aarle-Rixtel
The Aa en Maas Water Board

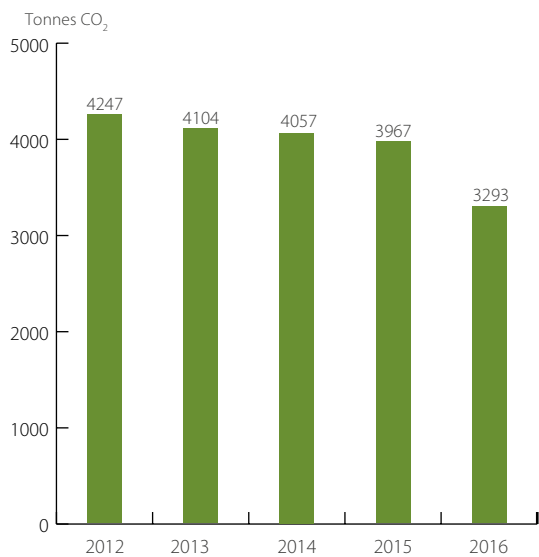
SUSTAINABILITY

The world around us is changing rapidly. From an economy where energy was generated by burning oil, gas and coal, we are moving towards an economy where renewable electricity will be generated from sources like wind, solar energy and the burning of biomass. This transition is constantly gaining speed and is irreversible. Even on a small scale, many things are happening. Electric vehicles and reduced gas and paper consumption are examples of developments that affect all of us. We also see our field of work undergoing change. From oil and gas to wind and solar energy, the focus on sustainability in construction, renovation projects and biomass stations are new markets where we can obtain new business.

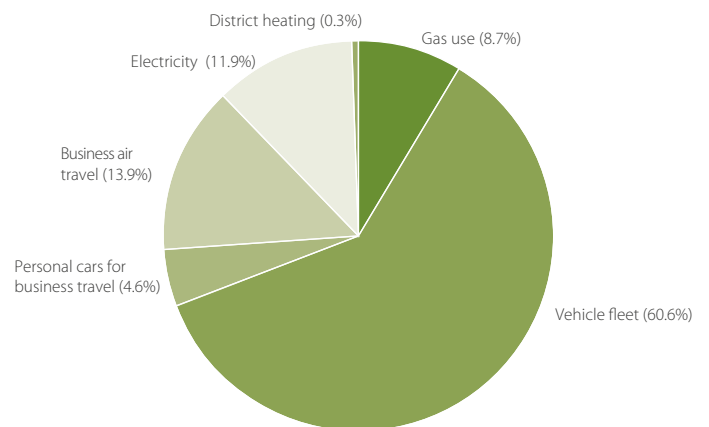
Iv-Groep holds the 'Level 5' sustainability certificate in the CO₂ Performance Ladder (the highest level).



CO₂-Emissions



CO₂-Emissions per source 2016



OUTLOOK

Market developments

The European economy is recovering strongly. However, it does not mean that we can benefit from this growth in all market sectors in which we operate.

Oil & Gas: We expect the price of oil to stabilise at around \$55 per barrel. At this price, however, investments will lag behind the level of a few years ago. Nevertheless, the market will revive, particularly with regard to maintenance. Despite all the developments in renewable energy, we expect that the global economy is likely to remain reliant on oil and gas for many decades to come, which also necessitates investments in new-build projects.

Wind energy: We foresee good prospects in this market, partly in view of the opportunities for generating offshore wind energy.

Industry: For a few years now, Dutch industry has been performing well. Iv-Industrie holds a good position at various major industrial customers and we expect to be able to benefit from this position.

Infrastructure: The Netherlands is becoming congested. Additional investment is the only way to address this problem. Iv-Infra has a good starting position in the market for infrastructure. We therefore remain optimistic about the future.

Maritime: The Dutch government has major investment plans for frigates and submarines. However, it often takes a long time before such plans are carried out. Therefore, we are cautiously optimistic about the coming year.

Construction: The pursuit of sustainability will continue and, consequently, the market will develop positively.

Water: The water market is stable. No major shifts are likely to occur.

Special steel and mechanical structures: The existing market is very competitive. Innovation and quality are matters that can make a difference. It will not be easy to achieve a positive result in the coming year.

International developments

Iv-Groep has several offices abroad.

Kuala Lumpur, Malaysia

The Kuala Lumpur office is part of Iv-Consult. Traditionally, Iv-Consult has produced workplace drawings for steel fabricators in the Netherlands and other countries. Our Malaysian office carries out a significant part of that work. From now onwards, it has been decided to discontinue activities in this field in the Netherlands and to have all work carried out in Malaysia. A number of reasons underlie this decision. Over the years, we have been able to raise the quality of work in Malaysia to the same level as in the Netherlands. While this may seem simple, insufficient attention to quality is actually the reason why outsourcing to low wage countries often fails. Costs in the Netherlands are two or three times higher. To be able to compete in this market, we had no choice but to end the activities in the Netherlands and transfer them to Malaysia. Therefore, the Malaysian office is likely to be able to continue to grow.

Houston, United States

Our Houston office has been hit hard by the low oil price. Nevertheless, we have seen activities pick up in the Gulf of Mexico and opportunities are again opening up in the market. Investments (primarily in people) are essential in order to benefit from those opportunities. We expect to be able to mark up the first successes in the course of 2017.

New Orleans, United States

Even more so than in Houston, our New Orleans office has to contend with poor market conditions. Therefore, we decided at the start of 2017 to close this office.

Miscellaneous

Besides having our own offices, the policy of following existing customers has proved successful time and again in the past. Many international contracts were won in this way. Therefore, we intend to step up this form of international expansion.

Another way of winning international projects is by following projects. Unfortunately, this often requires a major effort while the likelihood of success remains small. We will opt for this approach only in special situations.

Acquisitions

Iv-Groep will carefully examine any opportunities that occur for acquiring companies. Every prospective acquisition will have to fit in with our present structure and must be adjacent to our activities. Opportunities that arise will be reviewed for synergy potential and for their prospects of strengthening the group as a whole. There will be no acquisitions purely for the sake of making an acquisition.

Investments

Investments will be confined to replacements. We do not expect to make any other investments.

Financing

We do not anticipate any changes to our present financing arrangements. An acquisition may possibly lead to enlargement of our existing financing lines.

Workforce

As we do not expect any increase in revenue in the coming year, our recruitment policy is not focused on growth. To prevent the average age of the workforce from increasing further or preferably to decrease it somewhat, we will focus on recruiting young employees (recent graduates).

Research and development

Our intention is to take a number of important steps in automation in the coming years. New developments make this possible: working in the 'cloud', document management and project control are examples of fields where new technologies provide a stepping-stone for modernisation.

Objectives for 2017

In the coming year, we expect to be able to achieve hardly any organic growth and will therefore have roughly the same production value as in 2016. However, we do envisage a reviving market. As many projects will only get underway in the course of 2017, however, they will have insufficient effect to bring about an increase in full-year revenue.

Should we make an acquisition during 2017, it may result in a growth of 10 to 15% over the entire year 2017.

COMPANIES & MANAGEMENT

BOARD OF DIRECTORS IV-GROEP



Rob van de Waal
Chief Executive Officer
Iv-Groep



Wim Bal
Chief Operating Officer
Iv-Groep



Geert-Jan van Oostenhout
Chief Operating Officer
Iv-Groep



Ewout Borg
Deputy Financial Officer
Iv-Groep

COMPANY DIRECTORS



Wim Bal
Managing Director
Iv-Oil & Gas



Rob van Bodegraven
Managing Director
Iv-Infra



Arie Lanser
Managing Director
Iv-Consult



Dick de Graaf
Managing Director
Iv-Industrie



Erik Vegt
Managing Director
Iv-Water / Iv-Bouw



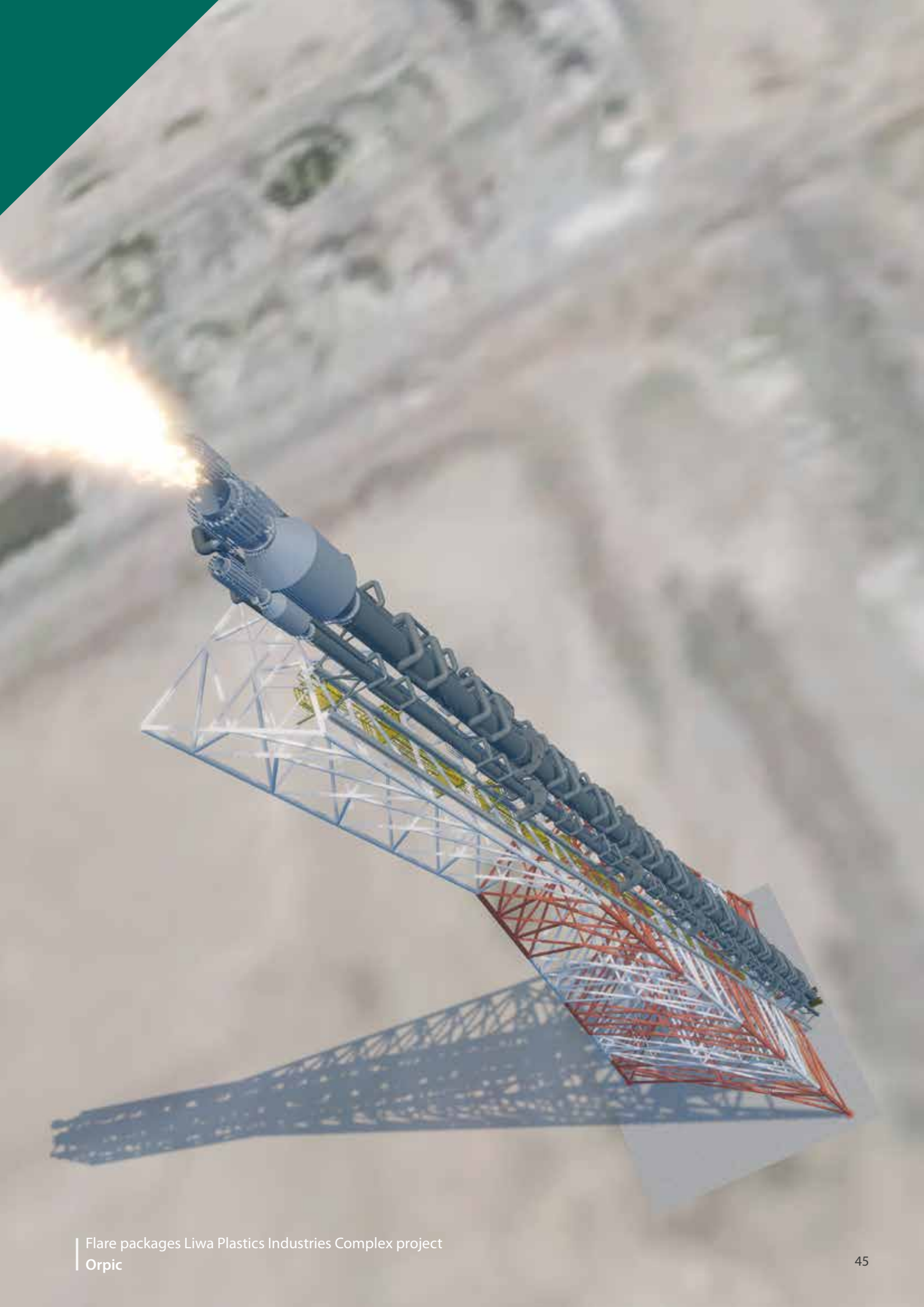
Hans Mark Bunschoten
Managing Director
Escher Process Modules



Bill Lamport
Managing Director
Iv-AGA



Kees van Roosmalen
Managing Director
Nebesbu



CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2016

IN THOUSANDS OF EUROS

	31 December 2016	31 December 2015
Intangible fixed assets	466	795
Plants and machinery	806	1,032
Other operating assets	<u>1,254</u>	<u>1,384</u>
Tangible fixed assets	2,060	2,416
Participations	1,382	1,363
Loans to shareholders	1,698	1,649
Deferred tax receivables	<u>3,839</u>	<u>3,407</u>
Financial fixed assets	6,919	6,419
Inventories	0	15
Work in progress	622	20,984
Trade receivables	11,802	14,748
Receivables from group companies	12,683	15,380
Corporate Income taxes	60	1,616
Other receivables	6,556	9,537
Prepayment and accrued assets	<u>2,656</u>	<u>2,479</u>
Current assets	34,379	64,744
Cash	46,372	37,443
Balance total	<u>90,196</u>	<u>111,832</u>

	31 December 2016	31 December 2015
Group equity	28,115	25,819
Deferred taxes	0	84
Employee benefits	804	796
Pension provisions	32,531	37,002
Other provisions	709	8,536
Provisions	34,044	46,418
Debts to credit institutions	126	154
Debts to suppliers and trade creditors	5,521	6,132
Debts to participations and group companies	2,800	16,990
Debts to pension	714	911
Taxes and social securities	11,029	6,805
Other liabilities	103	479
Accrual of employee benefits	6,615	6,653
Other accruals	1,129	1,471
Current liabilities		
Balance total	28,037	39,595
	<u>90,196</u>	<u>111,832</u>

CONSOLIDATED PROFIT AND LOSS ACCOUNT 2016

IN THOUSANDS OF EUROS

	2016	2015
Net turnover	114,885	103,035
Changes in work in progress	<u>(20,134)</u>	<u>15,218</u>
Production value	94,751	118,253
Costs of subcontracted work and other external charges	(16,344)	(20,190)
Wages and salaries	(49,088)	(53,657)
Social securities	(9,600)	(9,439)
Special pension charges	<u>(0)</u>	<u>(28,743)</u>
Staff expenses	(58,688)	(91,839)
Depreciation of intangible fixed assets	(373)	(559)
Depreciation of tangible fixed assets	<u>(1,035)</u>	<u>(1,313)</u>
Depreciation	(1,408)	(1,872)
Other operating expenses	(16,122)	(17,497)
Operating result	2,189	(13,145)
Interest	(697)	3,086
Result on ordinary activities before taxation	1,492	(10,059)
Taxation on ordinary activities	(317)	2,226
Result non-consolidated participations	1,682	(10,260)
Tax non-consolidated participations	<u>(515)</u>	<u>2,868</u>
Net result non-consolidated participations	1,167	(7,392)
Result of the legal entity	2,342	(15,225)

CONSOLIDATED CASH FLOW STATEMENT 2016

IN THOUSANDS OF EUROS

	2016	2015
Operating result	2,189	(13,145)
Depreciation of tangible fixed assets	1,035	1,313
Amortisation of intangible fixed assets	373	559
Changes in provisions	<u>(12,289)</u>	<u>26,050</u>
	(10,881)	27,922
Movement in inventories	15	0
Movement in receivables	8,443	8,551
Movement in work in progress	20,362	(15,414)
Movement in current liabilities	<u>(11,964)</u>	<u>18,023</u>
Changes in working capital	16,856	11,160
Cash flow from business activities	8,164	25,937
Dividends received	0	538
Interest received	329	314
Corporate tax	<u>1,560</u>	<u>(1,587)</u>
Cash flow from operating activities	10,053	25,202
Investments in intangible fixed assets	(44)	(170)
Investments in tangible fixed assets	<u>(680)</u>	<u>(434)</u>
Cash flow from investment activities	(724)	(604)
Movement in current accounts payable to banks	(28)	(13)
Repayment long term loans	0	(3)
Interest paid	<u>(346)</u>	<u>(360)</u>
Cash flow from financing activities	(374)	(376)
Translation differences on cash	(26)	(34)
Net cash flow	<u>8,929</u>	<u>24,188</u>

The figures for 2016 are taken from the Financial Statements of Iv-Groep b.v., as audited by Grant Thornton B.V. who issued an Unqualified Auditors' Report on the 23th of May 2017. The full financial statements have been lodged with the Rotterdam Chamber of Commerce and are available on request from marketing@iv-groep.nl.



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