

# MESSAGE FROM THE CHAIRMEN

Dear shareholders,

The past year has once again been marked by geopolitical tensions and a less favourable economic environment which have affected our employees and clients across the world.

Although the European Union avoided ending 2023 in a recession by the narrowest of margins, persistent inflation continued to take a heavy toll on people's ability to spend, whilst high interest rates restricted the access to credit for investment and purchases. The war in Ukraine is not only causing untold human suffering but continues to drive up energy and commodity prices in Europe to levels, albeit lower than in 2022, still significantly above the level of the last 15 years.



Although the challenging environment did not spare our participations in 2023, AvH can present a strong net consolidated result of 399 million euros, in line with 2022, when correcting for capital gains which amounted to 326 million euros in 2022, following the divestments of Anima and Manuchar. This strong result is driven by an increase in the contribution from our core segments by 7% to the record level of 377 million euros. Both our private banks and DEME realized very strong results, with a 16% and 46% increase in net contributions thanks to their leading market positions and strong operational capabilities. At the end of 2023, our consolidated equity increased to 4.9 billion euros or 150.25 euros per share. Including the dividend paid in 2023, this results in a 9.6% increase of the shareholders' equity over the year.

These results underscore again the merits of our long-term vision and diversified portfolio in a challenging environment. For example, the positive effects of the higher interest rates at the banks compensate for the negative effects in real estate and contracting. Similarly, our 155 MW beneficial offshore wind energy capacity, held through DEME and Green Offshore, contributed to our group's overall resilience in a period of high energy prices and has been the 4<sup>th</sup> biggest contributor to our consolidated net result with 35 million euros.

Our banks remain the biggest contributor to our consolidated profit with a 16% growth of the combined net contribution to 209 million euros, supported by a continued strong commercial performance. The combined total clients' assets increased by 7.6 billion euros to 65.3 billion euros, thanks to healthy gross inflows of 4.7 billion euros and a positive market impact. Our bank's longstanding focus on customer service, proximity through our regional offices and the high transparency offered by innovative digital tools allowed us to maintain our clients' trust, as reflected by the best-in class NPS scores of both banks, and to gain new clients. New clients represented 57% of the inflows of Delen Continental setting strong foundations for the continued growth of the commercial franchise. Moreover, the collaboration between **Delen Private Bank** and **Bank Van Breda** remains very strong since almost a third of the total client assets of Delen Continental are entrusted by Bank Van Breda clients, whilst Bank Van Breda clients contribute close to half of the inflows. The successful integration of Groenstate Vermogensbeheer, acquired in Q2 2023, together with the healthy growth of the other Dutch branches results in a solid 43% growth of client assets from the Dutch branch of Delen Private Bank to 1.5 billion euros assets whilst JM Finn's total client's assets grew by 5.4% to 12,2 billion euros.

Whilst our bank pillar remains foremost a wealth manager with 76% of combined operating income coming from gross fees and commissions, the improved interest environment contributes to a strong increase of the share of interest income in our operating income from 17% in 2022 to 24% in 2023. The strong operational results more than compensated for the inflation and further increases in staff numbers to support the banks' growth ambition, as reflected by the decrease of the combined cost-income ratio to 51% (from 53% in 2022). The combined shareholders' equity of 1,9 billion euros resulted in a very solid CET1 ratio of 26%. Furthermore, both banks remain very attentive to the continued strong liquidity which can be seen in the combined LCR of 362%. Delen Private Bank and Bank Van Breda remain amongst the best performing and best capitalized banks on the continent.



**DEME** realized very strong results in 2023, thanks to solid execution of its projects around the world and continued growth across its markets, supported by its expanded and enhanced fleet capabilities. Turnover grew by 24% to a record level of 3,285 million euros, whilst EBITDA and net profit increased by respectively 26% to 596 million euros (18.2% margin) and 44% to 163 million euros. The strong results were realised despite the challenges, and losses to completion, encountered in the start-up phases of the two first projects in the Offshore Energy segment in Taiwan and the USA, where significant progress was achieved by year end, and the adaptation we have seen in the broader offshore wind market to rising interest rates, inflation, and delays in the supply chain. The pace of technological development in the offshore industry has been remarkable, with increases in turbine size from 6 MW 10 years ago to 15 MW currently. Whilst this has pushed down the electricity costs (LCOE) by approx. 60% and made offshore wind very competitive, it has also put the supply chain under significant strain and left it temporarily less able to respond to the rising demand. DEME's record order book of 7.6 billion euros (+22% compared to end of 2022), provides visibility for the next three years and confirms the strong long term growth prospects in all Dredging, Offshore and Environmental activities. DEME offers concrete solutions to challenges such as world population growth (leading to a need for larger and deeper seaports and land reclamation in densely populated coastal areas), rising sea levels as a result of climate change, energy transition with a view to reducing CO<sub>2</sub> emissions and dependence on fossil fuels of less reliable origin. To respond to all these opportunities and support its future growth, DEME continues to invest in the most versatile, modern, and sustainable fleet in the industry.

The Viking Neptun, a new cable laying ship, joined the fleet during the first half of 2023, whilst the Green Jade, a new floating offshore wind installation vessel and sister ship of the Orion, successfully started operations over the summer. An additional fall-pipe vessel is under construction in Singapore. Just as it pioneered 15 years ago in offshore wind, DEME also continues to be a front-runner in new industries with the aim to offer sustainable solutions to global challenges, such as green hydrogen and deep-sea harvesting of minerals to contribute to a low carbon society. The strategic partnership concluded with Transocean brings together GSR's leadership in ultra-deepwater mineral exploration with Transocean's worldclass offshore expertise and capabilities.

For **CFE** the economic cycle clearly turned negative in 2023 leading to a decrease of the operating margin. Higher interest rates and construction costs also resulted in delayed intake of new projects in contracting and multitechnics and lower sales of residential units developed by BPI. The impact on the consolidated bottom-line is however mitigated by the record results of its participations in **Deep C Holding**, a growing industrial zone in North Vietnam, and **Green Offshore** which allow CFE to post a net result of 22.8 million euros and realise a return on equity of 10%. CFE maintains a strong balance sheet with 237 million euros equity and is confident on its positioning and outlook throughout the cycle as illustrated by the unchanged dividend and the purchase of the Kronos site in Luxembourg.



**Nextensa's** net result decreased significantly to 24.5 million euros as a result on one hand of the standstill in the institutional real estate market which allowed to sell only one asset (TreeSquare), resulting in a decrease of capital gains by 26 million euros compared to 2022 and, on the other hand of, a non-cash revaluation of financial assets and liabilities of -7.3 million euros vs a +15.6 million euros in 2022. From an operational perspective, Nextensa resisted well however. The indexation and increased occupation rate (91%) of our investment portfolio resulted in a like for like rental growth of 12%. The quality of the 1.3 billion euros property portfolio is further illustrated by the very limited reduction of fair value by 0.9% despite the increased market yields. Whilst Nextensa is not immune to the standstill in the real estate market, we are convinced its focus on sustainable buildings, its strong balance sheet (834 million euros equity) and the healthy financial debt ratio of 44.8% will help the company to grow stronger out of this down cycle and we have further increased our participation in Nextensa in 2023. On the other hand, we have over the last few years timely reduced our exposure to real estate through the sale of French and Belgian elderly care group's Residalya and Anima.



**SIPEF** realised a good performance with a net result of 72.7 million USD. The lower result in comparison to the record 2022 result stems from a combination of a 3% decrease in the production volumes of palm oil as a consequence of weather challenges marked by El Niño, the eruption of a volcano

in Papua New Guinea, and lower market prices. SIPEF maintained a strong equity position of 854 million euros Equity and a limited net debt position of -31 million euros despite investing heavily in the expansion of its young plantations in South Sumatra, which are not yet mature and therefore not yet contributing to profit. This expansion is proceeding in full compliance with the stringent RSPO standards and without deforestation.



Most consolidated participations of **Growth Capital** realised solid results. We believe that our participations remain well positioned to be part of the solution in more challenging markets, as they provide innovative or cost-efficient solutions to their customers. While their 24 million euros contribution is lower than in 2022 (38.3 million euros), this is partly explained by the absence of contributions from the divested participation in Telemond and a loss at EMG. EMG was impacted by a year without major sports events and by non-recurring costs in preparation of the merger with Gravity Media which was closed in early 2024. The Growth Capital portfolio contribution was also impacted by the negative 13 million euros fair value adjustment of our non-consolidated investments, mainly as a result of the decrease of Biotals' stock price. This had been a profit of 14 million euros in 2022, amongst others following the successful capital increase of Medikabazaar. The announced investments in IQIP and Camlin Fine Sciences, fit with our ambition to be 'part of the solution' and to put the approx. 500 million euros cash reserve, following the divestments in Anima, Manuchar and Telemond to work in market leaders with sustainable business models. IQIP is a specialist in foundation techniques for offshore wind turbines and contributes as such to the energy transition. CFS plays a significant role, as one of the world's important producers of vanillin and shelf-life extension solutions, in addressing the global challenge of feeding more than 8 billion people in a cost-efficient way whilst minimising food wastage. We look forward to building out these companies, together with our current portfolio companies, successfully over the longer term with their family shareholders and management teams.



In 2023, our participations demonstrated resilience despite the challenging and uncertain times. This reflects our diversified portfolio mix pursuing sus-

tainable business models, as well as the way group companies are managed through steering processes and management teams in line with AvH's ESG approach and values. Our aim is to create a business culture encouraging involvement of everyone, focused on the long term. Many group companies continued notwithstanding the economic and geopolitical context, their investments in environmental areas like renewable energy, sustainable buildings, agriculture, or life sciences. These efforts come at a cost but might lead to new and better products and services. AvH's reported Taxonomy alignment is proof thereof. Steering the course is our job, identifying the risks and opportunities, and we are proud of the results we show. AvH made important efforts in 2023 to prepare group companies for providing the required reporting from the many new legislative requirements regarding ESG, by the same token leveraging them strategically to focus on the matters where group companies can make the difference. The Top 50 Global label awarded by the rating agency Sustainalytics is a welcome support for those efforts.

More than ever, given the numerous global challenges, with increasing effects of global warming and geopolitical instability, AvH wants to contribute to a better world. We owe the strong continued positioning of our subsidiaries in this regard to the dedication and commitment of our employees. We wish as such to pay tribute to all of our management teams and employees who have worked hard to make our companies more resilient and more sustainable whilst continuing to provide relevant solutions to our customers.

March 22, 2024

Luc Bertrand  
*Chairman of the board  
of directors*

John-Eric Bertrand  
*co-CEO*

Piet Dejonghe  
*co-CEO*