



# Q2

Unaudited First half year and 2<sup>nd</sup> Quarter results 2016

«Lower activity level compared to last year»

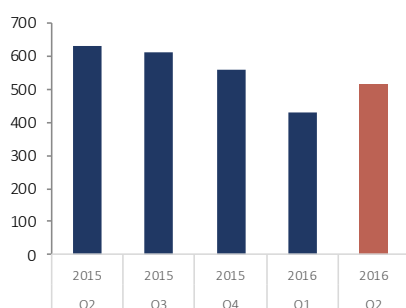
## Headlines



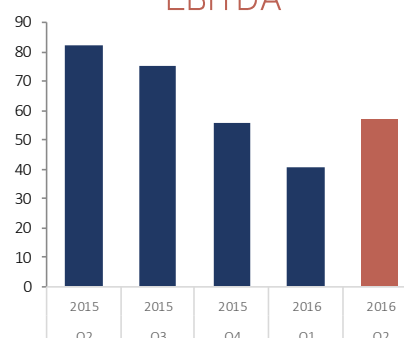
### This Quarter

Operating Revenue	519 mNOK
EBITDA	57 mNOK
Cash Flow from Operations	-41 mNOK
Order Intake*	23 mNOK
TRIF	3,1
Employees**	1452

### REVENUE



### EBITDA



\*includes frame agreements and exercise of options

\*\* Employees end of quarter



# Group Overview

Highlights for Beerenberg (Beerenberg Holdco II AS consolidated) in the 2<sup>nd</sup> quarter of 2016 was

- Revenue was MNOK 519, down 18 % compared to Q2 2015.
- EBITDA of MNOK 57, down MNOK 25 compared to Q2 2015
- EBITDA margin was 11 % compared to 13% in Q2 2015
- Estimated order backlog at the end of the quarter was BNOK 12,5.
- In July Beerenberg entered into a 4,5 year frame agreement with Aker Solutions expanding the cooperation relating to modification work. The contract may be extended for 3 years. Estimated value of the contract including possible extension is approx. MNOK 600.
- On the 8<sup>th</sup> of August Beerenberg was informed that it was not successful in the retender on the Ekofisk maintenance contract. Annual turnover of the current Ekofisk contract is approx. MNOK 400. This could impact impairment valuation of the company's intangible assets. Beerenberg has been awarded a "back-up" agreement which will be based on call-off arrangements.

## Income Statement

The revenue in first half of 2016 is down 20% compared to first half of 2015 following low activity, especially within offshore maintenance and modification. In Q2 the revenue was down approx. 18% compared to last year.

EBITDA for Q2 was MNOK 57, down from MNOK 82 last year due to lower activity. For the first half of 2016 the

EBITDA was MNOK 98, down MNOK 47 compare to first half of 2015. The main reasons for the lower EBITDA are lower activity and additional costs related to restructuring and transferring production of insulation products from Norway to Poland, mainly in Q1 2016.

Profit before tax (EBT) in Q2 was MNOK 23 compared to MNOK 43 last year. For the first half of 2016 the EBT was MNOK 28 compared to MNOK 69 in first half of 2015.

## Balance Sheet

Total assets was MNOK 2 033 at the end of the quarter with an equity ratio of 21%.

Working capital increased with MNOK 114 during the quarter and MNOK 150 in the first half of 2016 from a low level at year end. The increases in working capital partly relate to commercial discussions on a new build project and partly to increased activity towards the end of the quarter.

Net interest bearing debt was MNOK 882 compared to MNOK 983 in 2<sup>nd</sup> quarter 2015.

Most of Beerenberg debt is long term as a result of the issuing of a 4 year senior secured bond in 2<sup>nd</sup> quarter 2014.

## Cash Flow

Cash flow from operations was MNOK -41 in Q2 and MNOK -59 in first half of 2016. The negative cash flow relates to the increased working capital.

Net investment in the quarter was MNOK 5 mainly related to maintenance and replacement of equipment.

## Order Backlog & Market

The market outlook for Beerenberg remains mixed. The drop in oil-price has re-enforced a number of cut backs related to running Maintenance & Modification contracts which has impacted the activity level. The down turn could also have a material impact on the activity level, especially in greenfield in the next 2-3 years.

The tender activity continues to be high relating both to greenfield and brownfield contracts.

In July Beerenberg entered into a 4,5 year frame agreement with Aker Solutions expanding the cooperation relating to modification work. The contract may be extend for 3 years. Estimated value of the contract including possible extension is approx. MNOK 600.

On the 8<sup>th</sup> of August Beerenberg was informed that it was not successful in the retender on the Ekofisk maintenance contract. Annual turnover of the current contract is approx. MNOK 400. However, Beerenberg has been awarded a "back-up" agreement which will be based on call-off arrangements.

Total order intake of MNOK 23 is recognized in Q2 2016 (including uncommitted options and frame agreements).

Total order intake for the first half of 2016 was BNOK 8,1 mainly due to award of a 15 year maintenance and modification contract with Statoil in January.

Total estimated order backlog at the end of the quarter was BNOK 12,5 including uncommitted options and frame agreements. The estimated order backlog does not reflect contract changes after the end of the quarter.

## HSEQ

At the end of Q2 2016 Beerenberg had 1452 employees, a reduction of 69 from Q1.

During the 2<sup>nd</sup> quarter of 2016 Beerenberg recorded 3 incidents compared to 1 same period last year.

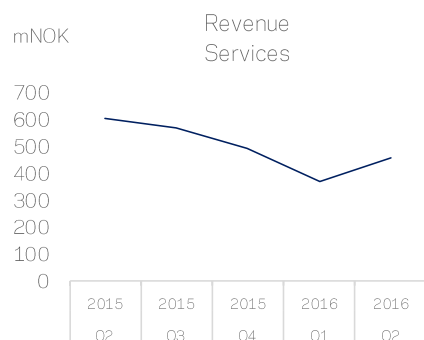
Total recordable incident frequency (TRIF) was 3,1 measured on last twelve months basis (LTM), compared to 1,69 YTD at the end of 2<sup>nd</sup> quarter 2015

«Activity increased in Q2 partly due to seasonality »

## Business Segments

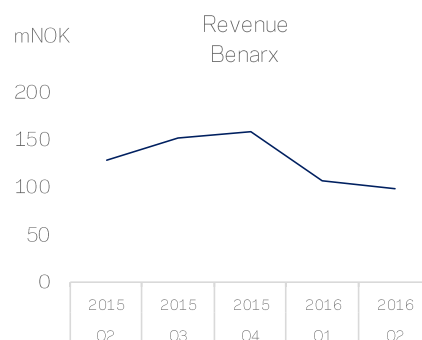
### Services

The service segment reports a drop in revenue of 24% q-o-q and 27 % for the first half year. The EBITDA was MNOK 45 in Q2 compared to MNOK 58 in Q2 2015. The reduction in EBITDA is mainly due to lower activity.



### Benarx

The Benarx division (Prefabricated insulation topside and subsea) reports 9 % lower revenue in the first half of 2016 compared to first half of 2015. In second quarter the revenue was 23 % down from Q2 2015. The EBITDA margin in the first half was 14,1%, down from 18,6% in first half of 2015. The drop is in part due to low activity and in part due to non-recurring costs related to the establishment of production facilities in Poland.



# Declarations by the Board of Directors

The Board confirms that to the best of our knowledge, the condensed set of financial statement for the period 1. January 2016 to 30. June 2016, has been prepared in accordance with all applicable accounting standards, and gives a true and fair view of the group's assets, liabilities, financial position and result for the period. The Board also confirms that the interim first half year report includes, to the best of our knowledge, a fair review of any significant events that arose during the six-month period and their effect on the half-year financial report, and a description of the principal risks and uncertainties facing the Beerenberg Holdco II AS group.

Bergen 11. August 2016


The Beerenberg Holdco II AS Board of Directors and CEO



Ketil Lenning  
Chairman



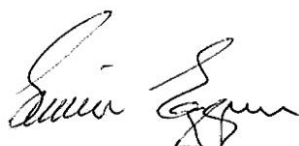
Lars Marusson  
Director



Sebastian Ehmrooth  
Director



Marcus Planting-Bergloo  
Director



Svein Eggen  
Director



Morten Walde  
CEO





FIGURES & NOTES

# Figures for Beerenberg Holdco II

## Condensed Consolidated Income Statement

Group Summary		Q2	Q2	YTD	YTD	FY
Amounts in NOK million	Note	2016	2015	2016	2015	2015
Operating revenues and other income	6	518,6	631,9	949,0	1 192,3	2 363,2
Operating Expenses		461,6	549,7	851,2	1 047,7	2 087,5
<b>EBITDA</b>	7	57,1	82,3	97,8	144,6	275,7
Depreciation		7,8	10,9	15,9	18,7	45,3
<b>EBITA</b>		49,2	71,4	81,9	125,9	230,4
Amortisation		7,5	9,1	15,7	19,3	36,5
<b>Operating profit (EBIT)</b>		41,8	62,3	66,1	106,6	194,0
Financial expenses		18,7	19,7	38,2	37,2	75,1
<b>Profit before tax (EBT)</b>		23,0	42,6	27,9	69,4	118,9
Estimated tax		5,8	11,5	7,0	18,7	30,5
<b>Net profit</b>		17,3	31,1	21,0	50,6	88,4
Profit for the period is attributable to:						
Shareholders of the parent company		17,3	31,1	21,0	50,6	88,4
Basic earnings per share (NOK)		0,06	0,12	0,08	0,19	0,33
Diluted earnings per share are identical as there are no dilutive effect						
<i>EBITDA margin</i>		11,0 %	13,0 %	10,3 %	12,1 %	11,7 %
<i>EBITA margin</i>		9,5 %	11,3 %	8,6 %	10,6 %	9,8 %



## Condensed Consolidated Statement of Comprehensive Income

Amounts in NOK million	Note	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Net profit for the period		17,3	31,1	21,0	50,6	88,4
Other comprehensive income:						
Conversion differences		-0,4	0,0	-0,8	0,0	0,4
Change in value of derivatives		1,6	2,0	-0,2	3,2	-4,4
<b>Total comprehensive income</b>		<b>18,4</b>	<b>33,1</b>	<b>20,0</b>	<b>53,9</b>	<b>84,4</b>

## Condensed Consolidated Balance Sheet

Group Summary				
		Q2	Q2	FY
Amounts in NOK million	Note	30.06.2016	30.06.2015	31.12.2015
Goodwill		883,9	883,9	883,9
Intangible assets		137,9	167,8	153,6
Property, plant and equipment		182,1	196,1	183,1
Financial Fixed Assets		0,6	0,1	0,6
<b>Total non-current assets</b>		<b>1 204,5</b>	<b>1 247,8</b>	<b>1 221,2</b>
Inventories		45,2	52,6	53,4
Trade Debtors		552,3	415,4	386,6
Earned Not Invoiced Revenue (WIP)		56,6	172,3	112,4
Other Short Term Receivables		21,3	27,8	17,9
Prepayments		1,0	2,4	0,7
Bank Deposit		152,4	47,4	264,8
<b>Total Current Assets</b>		<b>829,0</b>	<b>718,0</b>	<b>835,8</b>
<b>TOTAL ASSETS</b>		<b>2 033,4</b>	<b>1 965,9</b>	<b>2 057,0</b>
Share Capital		26,7	26,7	26,7
Share premium		240,3	240,3	240,3
Retained Earnings		146,6	66,5	147,6
Current year result after est. Tax		21,0	50,6	0,0
<b>Total equity</b>		<b>434,6</b>	<b>384,1</b>	<b>414,7</b>
Deferred tax		42,3	60,3	35,4
Pension Liability		6,9	7,5	6,5
Warranty		10,9	5,0	9,4
Financial Lease loan		1,3	3,2	1,8
Bond	4	1 033,0	1 027,0	1 030,0
Derivatives		25,9	24,1	30,0
<b>Total non-current liabilities</b>		<b>1 120,4</b>	<b>1 127,0</b>	<b>1 113,1</b>
Overdraft & S/T debt		0,5	0,4	3,1
Trade Creditors		121,6	142,9	123,0
Current Tax Payable		30,5	25,5	33,9
Social Security, VAT and other taxes		87,3	91,6	108,8
Accruals		163,4	147,9	117,8
Deferred Revenue		34,1	0,0	47,7
Other Current Liabilities		41,1	46,4	94,9
<b>Total Current Liabilities</b>		<b>478,5</b>	<b>454,7</b>	<b>529,2</b>
<b>TOTAL EQUITY &amp; LIABILITY</b>		<b>2 033,4</b>	<b>1 965,9</b>	<b>2 057,0</b>

## Condensed Consolidated Statement of Change in Equity

	Share capital	Share premium	Conversion reserve	Hedging reserve	Retained earnings	Total
01. January 2016	26,7	240,3	0,4	-6,0	153,2	414,7
Profit for the year					21,0	21,0
Other Comprehensive Income			-0,8	-0,2		-1,0
Equity as per 30.06.2016	26,7	240,3	-0,4	-6,2	174,2	434,6

	Share capital	Share premium	Conversion reserve	Hedging reserve	Retained earnings	Total
01. January 2015	26,7	240,3	0,0	-1,6	64,8	330,2
Profit for the year					50,6	50,6
Other Comprehensive Income				3,2		3,2
Equity as per 30.06.2015	26,7	240,3	0,0	1,7	115,4	384,1

## Condensed Consolidated Statement of Cash Flow

	Note	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
EBITDA		57,1	82,3	97,8	144,6	275,7
Taxes paid		15,9	-6,5	-3,4	-13,0	-38,5
Change in net working capital		-114,4	-68,9	-150,3	-122,8	39,6
Changes to other time restricted items		0,3	-1,4	-2,8	-3,9	-4,5
Net Cash flow from operating activities		-41,2	5,4	-58,7	4,9	272,3
Capex		-4,7	-3,6	-15,3	-11,3	-27,8
Net cash flow from investing activities		-4,7	-3,6	-15,3	-11,3	-27,8
Repayment of interest bearing debt		-0,3	-1,3	-0,5	-2,6	-3,9
Interest paid	4	-17,2	-18,2	-37,8	-34,2	-66,3
Net cash flow from financing activities		-17,5	-19,5	-38,3	-36,8	-70,3
Total cash flow		-63,4	-17,7	-112,4	-43,2	174,2
Opening balance net bank deposits		215,8	65,1	264,8	90,6	90,6
Closing balance net bank deposits		152,4	47,4	152,4	47,4	264,8

# Notes

## Note 1 - General

Beerenberg Holdco II AS is a company domiciled in Norway. The consolidated financial statements of Beerenberg Holdco II comprise the company and its subsidiaries, together referred to as the Group. The Beerenberg Holdco II Group was established 01. March 2013, as a result of the Beerenberg Holdco II AS acquisition of all shares in Beerenberg Holding AS.

Beerenberg is delivering products and services to its customer in complex environments implying operational risk with regards to quality, cost, time and injuries and accidents (HSE). Beerenberg works systematically to mitigate and manage risk on all levels. The annual report for 2015 provides further information on risks and uncertainties applicable to Beerenberg.

Beerenberg Holdco II AS is wholly owned by Beerenberg Holdco I AS which is wholly owned by Beerenberg Invest AS. Shareholders in Beerenberg Invest are specified in table below.

Shareholders Beerenberg Invest	A-Shares	%	B-Shares	%	Total Shares	%
Segulah IV L.P.	817 397	81,7 %	219 192 133	82,4 %	220 009 530	82,4 %
AlpInvest Partners 2012 I B.V.	92 121	9,2 %	24 931 110	9,4 %	25 023 231	9,4 %
AlpInvest Partners 2012 II B.V.	23 319	2,3 %	6 310 883	2,4 %	6 334 202	2,4 %
Management	67 163	6,7 %	15 565 874	5,9 %	15 633 037	5,9 %
Total	1 000 000	100,0 %	266 000 000	100,0 %	267 000 000	100,0 %

## Note 2 - Basis for preparation

The interim financial statements for the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union and their interpretations adopted by the International Accounting Standards Board (IASB).

The interim report does not include all the information required for full annual consolidated financial statements in an Annual Report, and should be read in conjunction with the Annual Report of the Group for 2015. The accounting policies applied in the interim financial statements is the same as those described in the Annual Report for 2015. The condensed consolidated interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are unaudited.

The Annual Report for 2015 is available at [www.Beerenberg.com](http://www.Beerenberg.com)

## Note 3 - Judgments, estimates and assumptions

In applying the accounting policies, management makes judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



In preparing these interim financial statement, the significant judgments made by management in applying the Group's accounting policies and the key sources of uncertainty in the estimates were consistent with those applied to the consolidated financial statements as at and for the period ended 31. December 2015.

#### Note 4 – Bond and covenants

A bond of MNOK 1100 was issued in Q2 2014. In the same quarter long term loans to financial institutions and long term loan from the parent company Beerenberg Holdco I AS was fully repaid. In Q4 2014 the Group repurchased own Bonds with face value totaling MNOK 55.

The Bond agreement includes covenants related quarterly Net Total Leverage ratio test (below 9.0) and to Incurrence testing (if applicable). The Group is in compliance with covenants as of 30.06.2016.

#### Note 5 – Related party transactions

No related party transactions were conducted in Q2 2016.

#### Note 6 – Revenue by Segment

Beerenberg is organized in two operating segments in order to optimize and focus its business. The Services segment includes business related to the traditional ISS-activity in the Group which is mainly related to major framework agreements, and the Benarx segment which consists of advanced insulation topside and subsea.

Amounts in NOK million	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Services	456,0	603,0	823,4	1 126,8	2 184,8
Benarx	98,7	129,0	204,7	225,3	535,7
Eliminations	-36,0	-100,0	-79,2	-159,8	-357,3
<b>Total</b>	<b>518,6</b>	<b>631,9</b>	<b>949,0</b>	<b>1 192,3</b>	<b>2 363,2</b>

#### Note 7 – EBITDA by Segment

Amounts in NOK million	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Services	44,6	58,1	68,7	102,5	194,5
Benarx	12,5	24,2	29,1	42,1	81,2
Other	0,0	0,0	0,0	0,0	0,0
<b>Total</b>	<b>57,1</b>	<b>82,3</b>	<b>97,8</b>	<b>144,6</b>	<b>275,7</b>

## Note 8 – Subsequent events

In July Beerenberg entered into a 4,5 year frame agreement with Aker Solutions expanding the cooperation relating to modification work. The contract could be extended for 3 years. Estimated value of the contract including possible extension is approx. MNOK 600.

On the 8<sup>th</sup> of August Beerenberg was informed that it was not successful in the retender on the Ekofisk maintenance contract. Annual turnover of the current Ekofisk contract is approx. MNOK 400. This could impact impairment valuation of the company's intangible assets. Beerenberg has been awarded a "back-up" agreement which will be based on call-off arrangements.