



Q3

Unaudited 3rd Quarter results 2016

«Low activity level in the industry
remains a challenge »

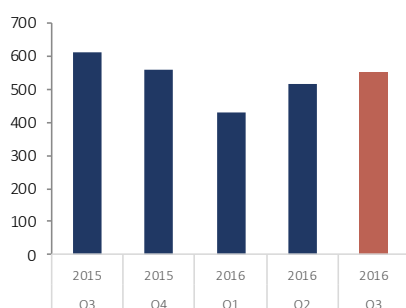
Headlines



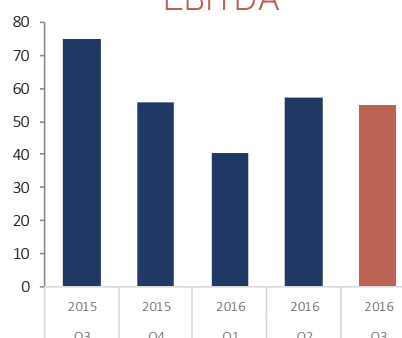
This Quarter

Operating Revenue	548 mNOK
EBITDA	55 mNOK
Cash Flow from Operations	56 mNOK
Order Intake*	35 mNOK
TRIF	2,3
Employees**	1392

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 3rd quarter of 2016 was

- Revenue was MNOK 548, down 10 % compared to Q3 2015.
- EBITDA of MNOK 55, down MNOK 20 compared to Q3 2015
- EBITDA margin was 10 % compared to 12,3% in Q3 2015
- Estimated order backlog at the end of the quarter was BNOK 10,7
- Beerenberg has recorded a loss provision related to restructuring of MNOK 10 in the quarter.
- An impairment of intangible assets of MNOK 150 is recorded in the quarter, following the loss of the Ekofisk contract in August 2016.

Income Statement

The revenue in first 9 months of 2016 is down 17% compared to the corresponding period last year. Lower activity, especially within offshore maintenance and modification is the main reason for the decrease.

EBITDA for Q3 was MNOK 55, down from MNOK 75 last year mainly due to lower activity and loss provision for restructuring. Year to date the EBITDA is MNOK 153, down from MNOK 220 last year. In addition to lower activity, cost related to restructuring and relocation of production facilities from Norway to Poland are the main reason for the lower EBITDA.

The loss before tax (EBT) in Q3 was MNOK -124 compared to a profit of MNOK 108 last year. The main reason for the loss is restructuring cost and an

impairment of intangible assets of MNOK 150 in the quarter.

Balance Sheet

Total assets was MNOK 1 894 at the end of the quarter with an equity ratio of 16,8 %. The reduction in total asset is mainly due to impairment of intangible assets.

Working capital was reduced by MNOK 3 in the quarter. The increase of MNOK 148 from year end 2015 is mainly related to commercial discussions on a new build project. The working capital situation is expected to improve significantly towards year end. Net interest bearing debt was MNOK 842 compared to MNOK 909 in 3rd quarter 2015.

In June 2014 Beerenberg issued a 4 year bond loan of MNOK 1100. In Q3 2016 Beerenberg acquired additional bond with a nominal value of MNOK 40 and now holds MNOK 95 of own bonds. Furthermore, Beerenberg is in the process of evaluating its options to secure longer term funding beyond the maturity of the bond loan in June 2018.

Cash Flow

Cash flow from operations was MNOK 56 in Q3 and MNOK -2 in first nine months of 2016. The neutral cash flow for the year is mainly related to the increase in working capital. The working capital situation is expected to improve significantly towards year end

Net investment in the quarter was MNOK 3 mainly related to 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. We expect the M&M market to recover and return to growth during 2017. However, the down turn could have a growing impact on the activity level within Greenfield operations in the next 2-3 years.

The tender activity has been at considerable level also in Q3 and there are a number of new contracts being tendered both within maintenance operations and new build developments.

There were no major awards during the quarter. Total order intake of new contracts was MNOK 35 mainly related to product (Benarx) orders.

The current estimated order backlog (including frame-agreements and options) is BNOK 10.7. The estimate reflects current and near term expected activity level including latest new wins and losses

HSEQ

At the end of Q3 2016 Beerenberg had 1392 employees, down 60 from last quarter.

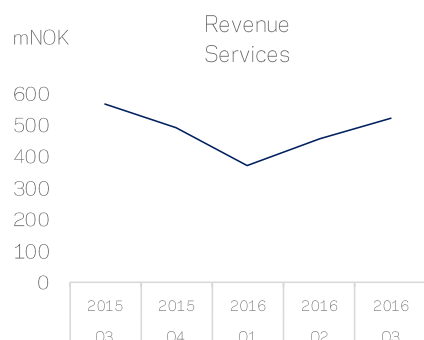
During the 3rd quarter of 2016 Beerenberg recorded 3 incidents compared to 5 corresponding period last year.

Total recordable incident frequency (TRIF) was 2,3 measured on last twelve months basis (LTM), compared to 2,8 YTD at the end of 3rd quarter 2015.

Business Segments

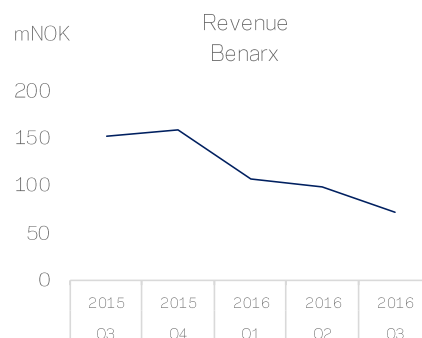
Services

The service segment reports a drop in revenue of 8% q-o-q and 21 % for the first nine months of the year. The EBITDA was MNOK 46 in Q3 compared to MNOK 48 in Q3 2015. Included in the EBITDA for Q3 16 was a provision for restructuring of MNOK 10.



Benarx

The Benarx division (Prefabricated insulation topside and subsea) reports 27 % lower revenue in the first nine months of 2016 compared to same period in 2015. In the third quarter the revenue was 54 % down from Q3 2015. The EBITDA margin in Q3 was 12,5 % compared to 17,6 % Q3 2015. The margin erosion is mainly related to drop in volumes.





FIGURES & NOTES

Figures for Beerenberg Holdco II

Condensed Consolidated Income Statement

Group Summary		Q3	Q3	YTD	YTD	FY
Amounts in NOK million	Note	2016	2015	2016	2015	2015
Operating revenues and other income	6	548,3	612,4	1 497,3	1 804,7	2 363,2
Operating Expenses		493,6	537,3	1 344,8	1 585,0	2 087,5
EBITDA	7	54,7	75,1	152,5	219,7	275,7
Depreciation		8,3	8,0	24,2	26,6	45,3
EBITA		46,5	67,1	128,3	193,1	230,4
Amortisation	8	157,3	8,8	173,1	28,1	36,5
Operating profit (EBIT)		-110,9	58,4	-44,7	164,9	194,0
Financial expenses		13,3	19,4	51,5	56,6	75,1
Profit before tax (EBT)		-124,2	39,0	-96,2	108,3	118,9
Estimated tax		-4,6	10,5	2,4	29,3	30,5
Net profit		-119,5	28,5	-98,6	79,1	88,4
Profit for the period is attributable to:						
Shareholders of the parent company		-119,5	28,5	-98,6	79,1	88,4
Basic earnings per share (NOK)		-0,45	0,11	-0,37	0,30	0,33
Diluted earnings per share are identical as there are no dilutive effect						
<i>EBITDA margin</i>		10,0 %	12,3 %	10,2 %	12,2 %	11,7 %
<i>EBITA margin</i>		8,5 %	11,0 %	8,6 %	10,7 %	9,8 %

Condensed Consolidated Statement of Comprehensive Income

Amounts in NOK million	Note	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FY 2015
Net profit for the period		-119,5	28,5	-98,6	79,1	88,4
Other comprehensive income:						
Conversion differences		0,0	0,0	-0,8	0,0	0,4
Change in value of derivatives		3,8	-7,2	3,5	-3,9	-4,4
Total comprehensive income		-115,8	21,3	-95,8	75,2	84,4

Condensed Consolidated Balance Sheet

Group Summary				
		Q3	Q3	FY
Amounts in NOK million	Note	30.09.2016	30.09.2015	31.12.2015
Goodwill	8	778,7	883,9	883,9
Intangible assets	8	85,7	159,0	153,6
Property, plant and equipment		176,7	193,6	183,1
Financial Fixed Assets		0,6	0,0	0,6
Total non-current assets		1 041,7	1 236,5	1 221,2
Inventories		41,7	64,4	53,4
Trade Debtors		540,3	453,0	386,6
Earned Not Invoiced Revenue (WIP)		95,1	118,3	112,4
Other Short Term Receivables		20,1	27,1	17,9
Prepayments		0,6	1,3	0,7
Bank Deposit		154,0	122,0	264,8
Total Current Assets		851,9	786,1	835,8
TOTAL ASSETS		1 893,6	2 022,6	2 057,0
Share Capital		26,7	26,7	26,7
Share premium		240,3	240,3	240,3
Retained Earnings		150,4	59,2	147,6
Current year result after est. Tax		-98,6	79,1	0,0
Total equity		318,8	405,4	414,7
Deferred tax		39,0	68,1	35,4
Pension Liability		6,9	9,7	6,5
Warranty		12,1	5,0	9,4
Financial Lease loan		1,0	2,1	1,8
Bond	4	994,5	1 028,5	1 030,0
Derivatives		18,7	31,8	30,0
Total non-current liabilities		1 072,1	1 145,2	1 113,1
Overdraft & S/T debt		0,6	0,4	3,1
Trade Creditors		142,8	139,3	123,0
Current Tax Payable		30,5	25,5	33,9
Social Security, VAT and other taxes		74,1	87,0	108,8
Accruals		170,3	145,1	117,8
Deferred Revenue		24,4	3,6	47,7
Other Current Liabilities		60,1	71,2	94,9
Total Current Liabilities		502,7	472,0	529,2
TOTAL EQUITY & LIABILITY		1 893,6	2 022,6	2 057,0

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					-98,6	-98,6
Other Comprehensive Income			-0,8	3,5		2,8
Equity as per 30.09.2016	26,7	240,3	-0,4	-2,4	54,6	318,8

	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					79,1	79,1
Other Comprehensive Income			0,0	-3,9		-3,9
Equity as per 30.09.2015	26,7	240,3	0,0	-5,5	143,9	405,4

Condensed Consolidated Statement of Cash Flow

	Note	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FY 2015
EBITDA		54,7	75,1	152,5	219,7	275,7
Taxes paid		0,0	0,0	-3,4	-13,0	-38,5
Change in net working capital		2,9	23,9	-147,4	-98,9	39,6
Changes to other time restricted items		-1,2	0,1	-4,0	-3,9	-4,5
Net Cash flow from operating activities		56,4	99,0	-2,3	103,9	272,3
Capex		-2,9	-5,5	-18,3	-16,8	-27,8
Net cash flow from investing activities		-2,9	-5,5	-18,3	-16,8	-27,8
Repayment of interest bearing debt	4	-35,7	-1,0	-36,3	-3,6	-3,9
Interest paid	4	-16,1	-17,9	-53,9	-52,1	-66,3
Net cash flow from financing activities		-51,9	-18,9	-90,2	-55,7	-70,3
Total cash flow		1,6	74,6	-110,8	31,4	174,2
Opening balance net bank deposits		152,4	47,4	264,8	90,6	90,6
Closing balance net bank deposits		154,0	122,0	154,0	122,0	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

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. In Q3 2016 the Group purchased further own Bonds with face value totaling MNOK 40.

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 30.09.2016.

Note 5 – Related party transactions

No related party transactions were conducted in Q3 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.

	Q3	Q3	YTD	YTD	FY
Amounts in NOK million	2016	2015	2016	2015	2015
Services	521,9	566,3	1 345,3	1 693,1	2 184,8
Benarx	70,5	152,5	275,2	377,8	535,7
Eliminations	-44,0	-106,4	-123,1	-266,1	-357,3
Total	548,3	612,4	1 497,3	1 804,7	2 363,2

Note 7 – EBITDA by Segment

	Q3	Q3	YTD	YTD	FY
Amounts in NOK million	2016	2015	2016	2015	2015
Services	45,9	48,2	114,6	150,8	194,5
Benarx	8,8	26,9	37,9	69,0	81,2
Other	0,0	0,0	0,0	0,0	0,0
Total	54,7	75,1	152,5	219,7	275,7

Note 8 – Impairment of Goodwill and Intangible Assets

Following the non-renewal of a larger contract an indication of impairment situation of intangible assets was identified, and in accordance with IAS 36 a test for impairment of intangible assets and Goodwill was performed. According to this standard the company shall estimate recoverable amount, and compare this to book values including Goodwill. As of the end of Q3 the group has two cash-generating units (CGU), "Benarx" and "Services". The cash generating units are coinciding with the segments described in Note 6.

Intangible assets and Goodwill was tested for impairment by comparing capital employed in the two CGUs against the present value of expected future cash flows of the CGUs (Value in use). Value in use is valued according to level 3 of the valuation hierarchy (IFRS 13).

The result of the test for impairment was a write down in the segment (CGU) Services of MNOK 45 of intangible assets related to customer relations and a further write down of MNOK 105 MNOK of Goodwill, also in Services.

The basis for the impairment test set out certain requirements. The rate of return is set to 10.7 %.

The estimates approved by the Board of Directors for the next 5 years forms the basis for the test of impairment. The forecasted activity level for the Group and the Segments are expected to return, over the next years, to approximately the

same level as 2016. Margins are assumed to remain at similar level as today in the segment Services, while margins are assumed to increase somewhat in the segment Benarx.

Key assumptions for estimated future cash flows are:

- An increase and stabilization of oil-price on a level higher level than current, with a gradually higher activity level on the Norwegian Continental Shelf.
- The Group maintaining a reasonable market share of expected new developments through amongst other deliveries to new build projects initiated on Norwegian Continental Shelf.

The sensitivities for the impairment test are:

Figures in MNOK	Change in assumption	
Required rate of return	- 1 % point	+ 1 % point
Effect on impairment	+ 92 MNOK	- 77 MNOK
Operating result	+ 10 %	- 10 %
Effect on impairment	+ 83 MNOK	- 83 MNOK
Revenue *	+ 10 %	- 10 %
Effect on impairment	+ 106 MNOK	- 106 MNOK

* EBITDA margin unchanged

The Group believes that balanced assumptions have been used for testing impairment.

Note 9 - Subsequent events

No events have occurred after the reporting date that are of significant impact when considering the financial position or result in the Group as of 30.09.2016.