



Beerenberg AS - Unaudited Financial Report

Headlines

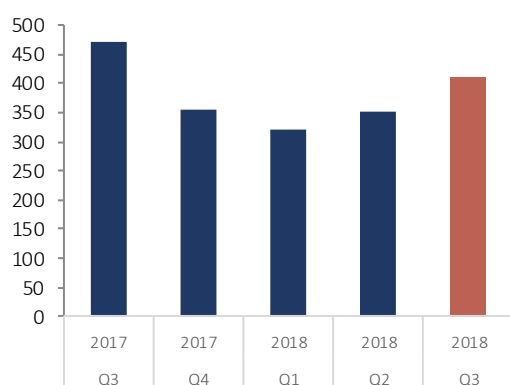
“Increasing activity, market outlook remains positive”



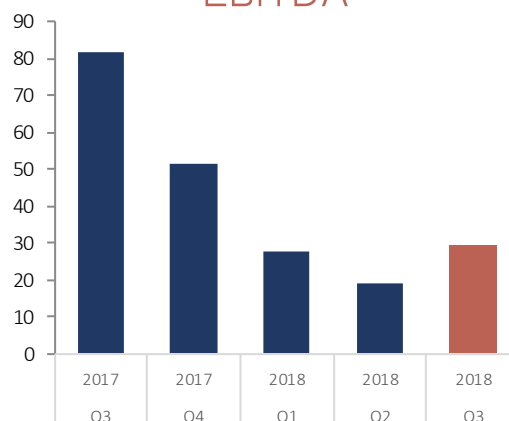
This Quarter

Operating Revenue	409 mNOK
EBITDA	29 mNOK
Cash Flow from Operations	47 mNOK
Order Intake*	11 mNOK
SIF	1,5
Employees**	1116

REVENUE



EBITDA



* includes frame agreements and exercise of options

** Employees end of quarter



Group Overview

The highlights for Beerenberg (Beerenberg AS consolidated) in the 3rd quarter were:

- Revenue was MNOK 409, down 13% compared to 3rd quarter 2017 while an increase of 16% from the previous quarter.
- EBITDA MNOK 29, down from MNOK 82 compared to Q3 2017. Mix of projects and completion of larger projects last year are the main reasons for the lower EBITDA.
- EBITDA margin 7.1 % compared to 17.3 % in Q3 2017.
- Order intake in the period was MNOK 11.
- Option exercised at Johan Sverdrup
- Estimated order backlog at the end of the quarter was BNOK 9.8

Income Statement

Revenue in 3rd quarter was MNOK 409 compared to MNOK 471 in 3rd quarter 2017. The decrease from last year relates to lower sales in Benarx. The revenue is up from 2nd quarter as new build activity has been picking up.

With an EBITDA of MNOK 29, the EBITDA margin ended at 7.1%, up from 5.4% compared to previous quarter this year. Improved margin in Benarx explains most of the improvement.

Financial cost in the 3rd quarter 2018 was MNOK 19, in line with 3rd quarter of 2017.

Net loss for 3rd quarter 2018 was MNOK 1.4 compared to a profit of MNOK 39 in 3rd quarter 2017.

Balance Sheet

Total assets were MNOK 1 630 at the end of the quarter with an equity ratio of 25.2%,

Total non-current assets increased by MNOK 21.6 compared to 3rd quarter 2017. The increase is mainly due to the acquisition of Bouvet Industries. Current assets were reduced to MNOK 609, down from MNOK 700 at the end 3rd quarter 2017. Total current liabilities were MNOK 342 compared to MNOK 386 at the end of 3rd quarter 2017. The balance sheet reflect current activities. Total non-current liabilities were MNOK 876 compared to 911 at the end of 3rd quarter 2017. The Senior Secured Bond of MNOK 850 was issued in Q1 2017 and mature in 2021.

Net interest-bearing debt was MNOK 701 compared to MNOK 628 in 3rd quarter 2017.

Cash Flow

Total cash flow for the 3rd quarter 2018 was MNOK 17 compared to MNOK 38 in 3rd quarter of 2017.

Cash flow from operations was MNOK 47, 10 MNOK lower than in 3rd quarter 2017. Net cash flow from investment activities was MNOK -12, an increase from -2 in the 3rd quarter last year. Net cash flow from financing activities was MNOK -19, mainly payment of interest.

Order Backlog & Market

Activity level in maintenance and modifications s expected to increase in 2019 based on increasing maintenance requirement. The outlook for new build related projects remains reasonable with a number of sizeable projects on the NCS are under development.

The tender activity has been moderate during 3rd quarter of 2018 relating both to maintenance and new build projects.

Total order intake of new contracts was approximately MNOK 11 for the period which represents mainly smaller product orders. In the period 2 of 3 options relating to Johan Sverdrup were exercised confirming the order backlog.

The current estimated order backlog (including frame agreements and options) is BNOK 9,8.

HSEQ

At the end of Q3 2018 Beerenberg had 1116 employees, up from 1104 last quarter.

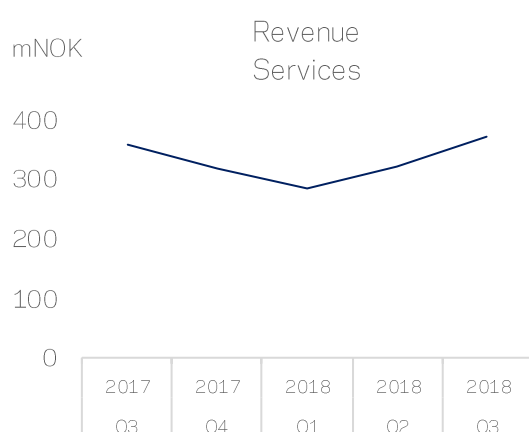
This quarter, one incident related to a falling object, without personal injuries, results in a total recorded Serious Incident Frequency (SIF) in the period of 1.5. The last 12 months the SIF was 1.0.

“Activity level in Oil & Gas is increasing”

Business Segments

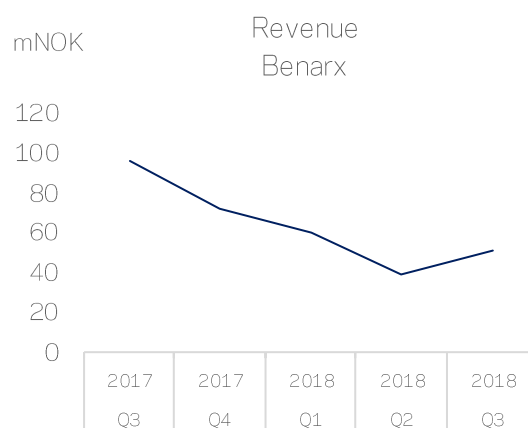
Services

Revenue rose to MNOK 373, up from MNOK 360 3rd quarter 2017. The main reason for the higher revenue is increased activity in new build projects and generally higher activity in maintenance.



Benarx

Activity in Benarx increased this quarter and revenue was MNOK 51, up 30% from the second quarter. Margin is still affected by product mix. While activity within maintenance and repair market remains slow, the number of new build prospects has increased significantly.





FIGURES & NOTES

Figures for Beerenberg

Condensed Consolidated Income Statement

Group Summary		Q3	Q3	YTD	YTD	FY
Amounts in NOK million	Note	2018	2017	2018	2017	2017
Operating revenue	6	409,2	471,3	1 083,5	1 495,2	1 851,9
Operating expenses		380,1	389,8	1 007,9	1 294,0	1 599,0
EBITDA	7	29,1	81,5	75,6	201,3	252,8
Depreciation		7,8	7,6	22,8	22,8	30,4
EBITA		21,3	73,9	52,7	178,5	222,5
Amortisation		4,2	3,7	13,1	11,7	15,5
Operating profit (EBIT)		17,1	70,2	39,6	166,7	207,0
Finance costs - net	4	18,9	18,9	59,9	87,3	102,4
Profit before tax (EBT)		-1,8	51,3	-20,3	79,5	104,6
Income Tax expense		-0,4	12,3	-4,7	19,1	27,0
Net profit		-1,4	39,0	-15,6	60,4	77,6
Profit for the period is attributable to:						
Shareholders of the parent company		-1,4	39,0	-15,6	60,4	77,6
Basic earnings per share (NOK)		-0,01	0,15	-0,06	0,23	0,29
Diluted earnings per share are identical as there are no dilutive effect						
<i>EBITDA margin</i>		7,1 %	17,3 %	7,0 %	13,5 %	13,7 %
<i>EBITA margin</i>		5,2 %	15,7 %	4,9 %	11,9 %	12,0 %

Condensed Consolidated Statement of Comprehensive Income

Amounts in NOK million	Note	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Net profit for the period		-1,4	39,0	-15,6	60,4	77,6
<i>Other comprehensive income:</i>						
Conversion differences		0,6	-1,5	-1,8	2,5	5,8
Change in value of derivatives		2,4	-0,6	4,8	-5,9	-5,6
Total comprehensive income		1,6	36,9	-12,7	57,0	77,8

Condensed Consolidated Balance Sheet

Group Summary		Q3	Q3	FY
Amounts in NOK million	Note	30.09.2018	30.09.2017	31.12.2017
Goodwill		782,8	778,7	786,2
Intangible assets		69,9	67,0	73,0
Property, plant and equipment		168,1	153,4	175,2
Financial Fixed Assets		0,0	0,0	0,0
Total non-current assets		1 020,7	999,1	1 034,4
Goods		49,8	39,4	33,8
Accounts receivables from customers		234,6	358,2	337,8
Earned Not Invoiced Revenue (WIP)		151,5	69,1	102,3
Other Short Term Receivables		18,7	14,9	15,5
Prepayments		0,9	3,9	1,0
Cash and cash equivalents		153,9	214,2	189,4
Total Current Assets		609,4	699,7	679,8
TOTAL ASSETS		1 630,1	1 698,9	1 714,2
Share Capital		26,7	26,7	26,7
Share premium		240,3	240,3	240,3
Retained Earnings		160,2	74,0	77,5
Current year result after est. Tax		-15,6	60,4	77,6
Total equity		411,6	401,4	422,2
Deferred tax liabilities		-2,3	30,4	3,4
Pension obligations		6,9	9,7	10,1
Warranty provision		14,0	15,3	14,0
Financial Lease loan		8,7	0,2	11,4
Bond	4	839,5	835,1	836,2
Derivatives		9,4	20,5	18,9
Total non-current liabilities		876,2	911,1	894,1
Overdraft & accrued interests		6,6	6,5	7,2
Supplier liabilities		135,2	83,1	94,6
Tax payable		1,9	32,2	40,1
Social Security, VAT and other taxes		43,2	57,4	72,9
Accruals		106,2	156,3	81,5
Deferred Revenue		0,0	0,7	22,7
Other Current Liabilities		49,3	50,2	79,0
Total Current Liabilities		342,3	386,4	398,0
TOTAL EQUITY & LIABILITY		1 630,1	1 698,9	1 714,2

Condensed Consolidated Statement of Change in Equity

Amounts in NOK million	Share capital	Share premium	Conversion reserve	Hedging reserve	Retained earnings	Total
01. January 2018	26,7	240,3	5,5	-6,9	158,7	424,3
Net profit					-15,6	-15,6
Other Comprehensive Income			-1,8	4,8		3,0
Equity as per 30.09.2018	26,7	240,3	3,7	-2,1	143,1	411,6

* Due to adjustment of tax calculation for 2017 after preparation of Annual Report for 2017, opening balance of Retained earnings has been adjusted positively by MNOK 2,1.

Amounts in NOK million	Share capital	Share premium	Conversion reserve	Hedging reserve	Retained earnings	Total
01. January 2017	26,7	240,3	-0,3	-1,3	79,6	345,0
Net profit					60,4	60,4
Other Comprehensive Income			2,5	-5,9		-3,4
Group contribution					-0,6	-0,6
Equity as per 30.09.2017	26,7	240,3	2,2	-7,2	139,4	401,4

Condensed Consolidated Statement of Cash Flow

Amounts in NOK million	Note	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
EBITDA		29,1	81,5	75,6	201,3	252,8
Taxes paid		0,0	-0,1	-36,4	-3,7	-36,1
Change in net working capital		20,8	-23,6	18,1	-52,2	-50,0
Changes to other time restricted items		-2,5	-0,5	-11,1	3,0	4,3
Net Cash flow from operating activities		47,3	57,3	46,1	148,4	171,0
Net cash effect acquisition of subsidiary		0,0	0,0	0,0	0,0	-28,8
Capex		-11,5	-1,8	-26,8	-9,2	-13,3
Net cash flow from investing activities		-11,5	-1,8	-26,8	-9,2	-42,2
Net repayment of interest bearing debt	4	-1,1	0,5	-2,7	-80,3	-80,3
Payment of Group contribution		0,0	0,0	0,0	-0,8	-0,8
Net interest paid	4	-17,7	-17,8	-52,1	-69,9	-84,3
Net cash flow from financing activities		-18,7	-17,3	-54,8	-151,0	-165,4
Total cash flow		17,1	38,1	-35,5	-11,7	-36,6
Opening balance net bank deposits		136,8	176,0	189,4	225,9	225,9
Closing balance net bank deposits		153,9	214,2	153,9	214,2	189,4

Notes

Note 1 - General

Beerenberg AS is a company domiciled in Norway. The consolidated financial statements of Beerenberg AS comprise the company and its subsidiaries, together referred to as the Group. The Beerenberg Group was established 01. March 2013, as a result of the Beerenberg 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 2017 provides further information on risks and uncertainties applicable to Beerenberg.

In order to simplify the Group structure, the parent companies Beerenberg Holdco I AS and Beerenberg Invest AS, was merged with Beerenberg AS in February 2018 with tax effect from 01.01.2018. This was conducted as a reversed merger with Beerenberg AS as the acquiring company. Beerenberg Holdco I AS, and Beerenberg Invest AS have been holding companies where only assets of significance were shares in subsidiary. Furthermore, there were no liabilities in these two holding companies. Therefore, this merger does not materially impact the Consolidated Statement of Financial Position for the Group.

At the Annual General Meeting at the 14th May it was proposed and resolved to change the name of the Company from Beerenberg Holdco II AS to Beerenberg AS. The change of name was registered and effective as of 11th of June 2018.

Shareholders in Beerenberg AS are specified in table below.

Shareholders	A-Shares	%	B-Shares	%	Total Shares	%
Segulah IV L.P.	828 407	82,8 %	221 980 303	83,5 %	222 808 710	83,4 %
AlpInvest Partners Co-Investments 2012 I C.V.	92 121	9,2 %	24 931 110	9,4 %	25 023 231	9,4 %
AlpInvest Partners Co-Investments 2011 II C.V.	23 319	2,3 %	6 310 883	2,4 %	6 334 202	2,4 %
Management	56 153	5,6 %	12 777 704	4,8 %	12 833 857	4,8 %
Total	1 000 000	100 %	266 000 000	100 %	267 000 000	100 %

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 2017. The accounting policies applied in the interim financial statements is the same as those described in the Annual Report for 2017, with the exceptions of IFRS

9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. These two standards are new, and implemented as of 01.01.2018, without impacting the financial statements compared to previous periods. Refer to note 3, section New standards and interpretations not yet adopted, in the Annual Report for 2017 for further description of these two standards.

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 2017 is available at www.Beerenberg.com

New standards and interpretations not yet adopted:

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The new standard must be applied from financial year 2019.

The Groups evaluation of the impact of IFRS 16 is that implementation of the standard will result in significant leases that currently are treated as operating leases, wherein costs are recorded as operating cost, would have to be treated as financial lease and a lease obligation, and an equivalent asset (right to use) would have to be recognized on the balance sheet. Lease expenses according IFRS 16 will be in the form of depreciation and interest expense instead of as operating expenses as under current standard. The effect of implementation of the standard will be increased assets and increased liabilities, and that operating profit before depreciation, financial items and tax (EBITDA) will be improved.

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 2017. Please refer to Note 3 in the Annual Report for 2017.

Note 4 - Bond and covenants

A 4-year Senior Secured Bond of MNOK 850 was issued in Q1 2017, and the previous bond of MNOK 1 100 was repaid. In connection with the bond issue Beerenberg extended its MNOK 300 credit facility agreement with Danske Bank.

The Facility agreement includes covenants related to quarterly Net Total Leverage ratio test (below 9.0) and to Incurrence testing (if applicable). The Group is in compliance with covenants as of 30.09.2018.

Note 5 – Related party transactions

No related party transactions were conducted in 3rd Quarter of 2018.

Note 6 Operating segments

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.

Revenue by Segment

	Q3	Q3	YTD	YTD	FY
Amounts in NOK million	2018	2017	2018	2017	2017
Services	372,8	360,0	981,0	1 250,9	1 568,3
Benarx	50,9	95,9	149,2	294,9	367,1
Eliminations	-14,5	15,5	-46,7	-50,6	-83,6
Total	409,2	471,3	1 083,5	1 495,2	1 851,9

EBITDA by Segment

	Q3	Q3	YTD	YTD	FY
Amounts in NOK million	2018	2017	2018	2017	2017
Services	31,8	57,3	86,1	145,3	190,6
Benarx	-2,7	24,2	-10,5	56,0	62,3
Other	0,0	0,0	0,0	0,0	0,0
Total	29,1	81,5	75,6	201,3	252,8

Note 7 – 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 30.09.2018.