



# Headlines

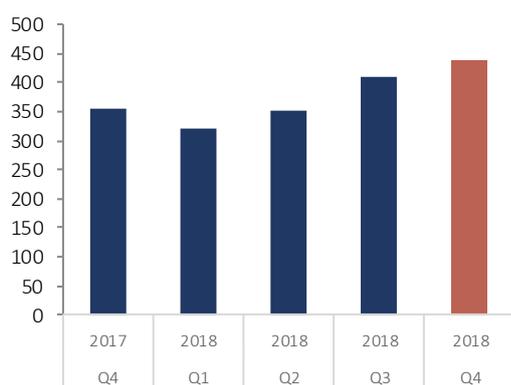
“Steady rise in activity on the NCS, cost overrun in Benarx during the quarter”



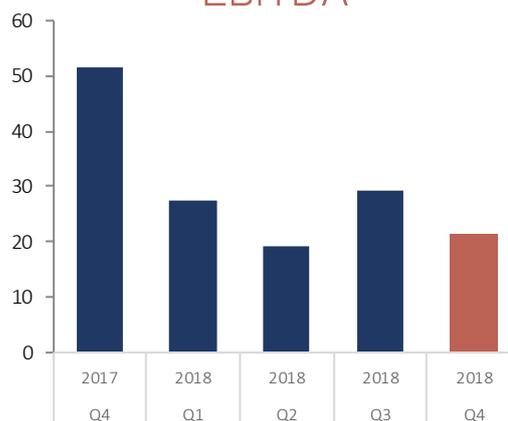
## This Quarter

Operating Revenue	436 mNOK
EBITDA	21 mNOK
Cash Flow from Operations	75 mNOK
Order Intake*	31 mNOK
SIF	0,9
Employees**	1131

## REVENUE



## EBITDA



\* includes frame agreements and exercise of options

\*\* Employees end of quarter



# Group Overview

The highlights for Beerenberg (Beerenberg AS consolidated) in the 4<sup>th</sup> quarter were:

- Revenue was MNOK 436, up 22% compared to 4<sup>th</sup> quarter 2017. Growing activity within Services is the main reason.
- EBITDA of MNOK 21, down from MNOK 52 compared to Q4 2017.
- One time cost in Benarx
- EBITDA margin 4.9 % compared to 14.5 % in Q4 2017.
- Order intake in the period was MNOK 31.
- Estimated order backlog at the end of the quarter was MNOK 9.5

## Income Statement

Revenue in 4<sup>th</sup> quarter was MNOK 436 compared to MNOK 357 in 4<sup>th</sup> quarter 2017. The increase relates to maintenance activity in the Services segment.

EBITDA ended at MNOK 21, significantly down from Q4 2017 due to a loss reported in Benarx this quarter. The loss relates to cost overrun and restructuring, which is expected to have a positive impact on earnings. Benarx's prospects remain favorable. The EBITDA margin ended at 4.9%, down from 14.5% in the previous quarter this year.

Full year revenue was MNOK 1520, a decrease of 18% compared to last year. After a slow start, 2018 revenue has been picking up steadily.

The EBITDA for 2018 was MNOK 97, down from MNOK 253 last year. Cost overrun and restructuring in Benarx have affected the full year EBITDA.

Net financial cost in the 4<sup>th</sup> quarter 2018 was MNOK 18, somewhat higher than the corresponding quarter last year. Net financial cost for the full year ended at MNOK 78, down from MNOK 102 last year. In 2017 Beerenberg issued a new bond loan and repaid its previous bond loan, resulting in higher financial cost in the period.

Net loss for 4<sup>th</sup> quarter 2018 was MNOK 18 compared to a profit of MNOK 17 in 4<sup>th</sup> quarter 2017.

## Balance Sheet

Total assets were MNOK 1 628 at the end of the quarter, with an equity ratio of 24.2%.

The group's net interest bearing debt was MNOK 656 with a cash liquidity of MNOK 199 as bank deposit and a further revolving cash credit line of MNOK 150 (so far not utilized at any point).

Working capital ended at 64 MNOK, down from 140 MNOK at the end of the 4<sup>th</sup> quarter 2017 (when accounts receivable was above normal level).

The Senior Secured Bond of MNOK 850 was issued in Q1 2017 and matures in February 2021.

## Cash Flow

Cash flow from operating activities was MNOK 75 in Q4 2018 versus MNOK 23 the corresponding quarter last year. The operating cash flow for the full year ended at MNOK 121, down from MNOK 171 in 2017.

Net cash flow from investment activities was MNOK -12, a decrease from -33 in the 4<sup>th</sup> quarter last year. Net cash

flow from financing activities was MNOK -17, mainly consisting of payment of interest.

### Order Backlog & Market

The activity in 2018 has improved steadily and the long-term outlook remains positive for Beerenberg. The new-build market is unchanged and we still see various projects developing. Maintenance activities, both on- and offshore, which today account for approx. 70% of Beerenberg's business, are expected to increase in 2019.

The tender activity has been high during the 4<sup>th</sup> quarter of 2018 relating both to maintenance and new build projects which may indicate increased market activity in 2019 and 2020.

Total order intake of new contracts was approximately MNOK 31 for the quarter.

The current estimated order backlog (including frame agreements and options) is BNOK 9.5.

### HSEQ

At the end of Q4 2018 Beerenberg had 1131 employees, up from 1116 last quarter.

No serious incidents this quarter, resulting in a total Serious Incident Frequency (SIF) in the period of 0 and 0,9 during the last 12 months.

“The activity level continues to increase in both segments”

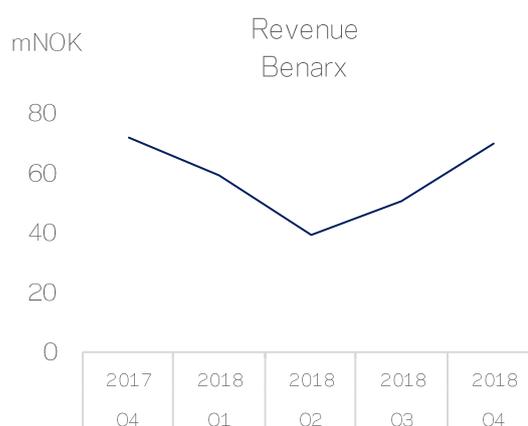
## Business Segments

### Services

The service segment reports an increase in revenue of 24% compared to 4<sup>th</sup> quarter 2017. All areas of Services reports growth, and activity within maintenance has developed particularly well.

### Benarx

Fourth quarter revenue in line with Q4-17 and 38% above Q3-18. The 4<sup>th</sup> quarter of 2018 ended at MNOK 70 versus MNOK 72 last year. YoY the revenue has dropped from MNOK 367 in 2017 to MNOK 220 in 2018, primarily due to the completion of some large projects in 2017. Margin in Benarx is affected by cost overrun and restructuring, which management is currently addressing.





FIGURES & NOTES

# Figures for Beerenberg

## Condensed Consolidated Income Statement

Group Summary		Q4	Q4	YTD	YTD	FY
Amounts in NOK million	Note	2018	2017	2018	2017	2017
Operating revenue	6	436,1	356,6	1 519,6	1 851,9	1 851,9
Operating expenses		414,6	305,1	1 422,5	1 599,0	1 599,0
<b>EBITDA</b>	7	21,4	51,6	97,0	252,8	252,8
Depreciation		9,2	7,6	32,1	30,4	30,4
<b>EBITA</b>		12,2	44,0	65,0	222,5	222,5
Amortisation		4,2	3,8	17,3	15,5	15,5
<b>Operating profit (EBIT)</b>		8,0	40,2	47,7	206,9	207,0
Finance costs - net	4	17,9	15,1	77,9	102,4	102,4
<b>Profit before tax (EBT)</b>		-9,9	25,1	-30,2	104,6	104,6
Income Tax expense		8,1	7,9	3,4	27,0	27,0
<b>Net profit</b>		-18,0	17,2	-33,6	77,6	77,6
Profit for the period is attributable to:						
Shareholders of the parent company		-18,0	17,2	-33,6	77,6	77,6
Basic earnings per share (NOK)		-0,07	0,06	-0,13	0,29	0,29
Diluted earnings per share are identical as there are no dilutive effect						
<i>EBITDA margin</i>		4,9 %	14,5 %	6,4 %	13,7 %	13,7 %
<i>EBITA margin</i>		2,8 %	12,3 %	4,3 %	12,0 %	12,0 %

## Condensed Consolidated Statement of Comprehensive Income

Amounts in NOK million	Note	Q4 2018	Q4 2017	YTD 2018	YTD 2017	FY 2017
Net profit for the period		-18,0	17,2	-33,6	77,6	77,6
<i>Other comprehensive income:</i>						
Conversion differences		2,2	3,3	-0,6	5,8	5,8
Change in value of derivatives		-0,9	0,3	3,8	-5,6	-5,6
<b>Total comprehensive income</b>		<b>-16,7</b>	<b>20,8</b>	<b>-30,4</b>	<b>77,8</b>	<b>77,8</b>

## Condensed Consolidated Balance Sheet

Group Summary		Q4	Q4	FY
Amounts in NOK million	Note	31.12.2018	31.12.2017	31.12.2017
Goodwill		782,8	786,2	786,2
Intangible assets		65,9	73,0	73,0
Property, plant and equipment		171,8	175,2	175,2
Financial Fixed Assets		0,0	0,0	0,0
<b>Total non-current assets</b>		<b>1 020,5</b>	<b>1 034,4</b>	<b>1 034,4</b>
Goods		44,8	33,8	33,8
Accounts receivables from customers		186,4	337,8	337,8
Earned Not Invoiced Revenue (WIP)		163,7	102,3	102,3
Other Short Term Receivables		12,8	15,5	15,5
Prepayments		0,9	1,0	1,0
Cash and cash equivalents		199,3	189,4	189,4
<b>Total Current Assets</b>		<b>607,8</b>	<b>679,8</b>	<b>679,8</b>
<b>TOTAL ASSETS</b>		<b>1 628,3</b>	<b>1 714,2</b>	<b>1 714,2</b>
Share Capital		26,7	26,7	26,7
Share premium		240,3	240,3	240,3
Retained Earnings		160,5	155,1	155,1
Current year result after est. Tax		-33,6	0,0	0,0
<b>Total equity</b>		<b>394,0</b>	<b>422,2</b>	<b>422,2</b>
Deferred tax liabilities		2,7	3,4	3,4
Pension obligations		7,2	10,1	10,1
Warranty provision		16,5	14,0	14,0
Financial Lease loan		8,2	11,4	11,4
Bond	4	840,6	836,2	836,2
Derivatives		9,5	18,9	18,9
<b>Total non-current liabilities</b>		<b>884,6</b>	<b>894,1</b>	<b>894,1</b>
Overdraft & accrued interests		6,8	7,2	7,2
Supplier liabilities		147,6	94,6	94,6
Tax payable		0,0	40,1	40,1
Social Security, VAT and other taxes		57,2	72,9	72,9
Accruals		71,7	81,5	81,5
Deferred Revenue		0,0	22,7	22,7
Other Current Liabilities		66,4	79,0	79,0
<b>Total Current Liabilities</b>		<b>349,7</b>	<b>398,0</b>	<b>398,0</b>
<b>TOTAL EQUITY &amp; LIABILITY</b>		<b>1 628,3</b>	<b>1 714,2</b>	<b>1 714,2</b>

## 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					-33,6	-33,6
Other Comprehensive Income			-0,6	3,8		3,3
<b>Equity as per 31.12.2018</b>	<b>26,7</b>	<b>240,3</b>	<b>4,9</b>	<b>-3,1</b>	<b>125,1</b>	<b>394,0</b>

\* 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					77,6	77,6
Other Comprehensive Income			5,8	-5,6		0,2
Group contribution					-0,6	-0,6
<b>Equity as per 31.12.2017</b>	<b>26,7</b>	<b>240,3</b>	<b>5,5</b>	<b>-6,9</b>	<b>156,5</b>	<b>422,2</b>

## Condensed Consolidated Statement of Cash Flow

Amounts in NOK million	Note	Q4 2018	Q4 2017	YTD 2018	YTD 2017	FY 2017
EBITDA		21,4	51,6	97,0	252,8	252,8
Taxes paid		-5,1	-32,4	-41,5	-36,1	-36,1
Change in net working capital		57,2	2,2	75,3	-50,0	-50,0
Changes to other time restricted items		1,0	1,3	-10,1	4,3	4,3
<b>Net Cash flow from operating activities</b>		<b>74,7</b>	<b>22,6</b>	<b>120,8</b>	<b>171,0</b>	<b>171,0</b>
Net cash effect acquisition of subsidiary		0,0	-28,8	0,0	-28,8	-28,8
Capex		-12,1	-4,2	-38,9	-13,3	-13,3
<b>Net cash flow from investing activities</b>		<b>-12,1</b>	<b>-33,0</b>	<b>-38,9</b>	<b>-42,2</b>	<b>-42,2</b>
Net repayment of interest bearing debt	4	-0,5	0,0	-3,2	-80,3	-80,3
Payment of Group contribution		0,0	0,0	0,0	-0,8	-0,8
Net interest paid	4	-16,7	-14,4	-68,8	-84,3	-84,3
<b>Net cash flow from financing activities</b>		<b>-17,2</b>	<b>-14,4</b>	<b>-72,0</b>	<b>-165,4</b>	<b>-165,4</b>
<b>Total cash flow</b>		<b>45,4</b>	<b>-24,8</b>	<b>9,9</b>	<b>-36,6</b>	<b>-36,6</b>
Opening balance net bank deposits		153,9	214,2	189,4	225,9	225,9
Closing balance net bank deposits		199,3	189,4	199,3	189,4	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 customers 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 14<sup>th</sup> 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 11<sup>th</sup> 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](http://www.Beerenberg.com)

### 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 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 be treated as financial leases. Therefore, a lease obligation, and an equivalent asset (right to use) would be recognized on the balance sheet. Lease expenses according to 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 operating profit before depreciation, financial items and tax (EBITDA) will be improved.

The implementation effect of IFRS 16 as at 1<sup>st</sup> of January 2019 is increased assets "right of use" of the amount MNOK 70, corresponding to an increased liability, lease obligation, of the amount MNOK 70. The effect on Profit and Loss in 2019 compared to what would have been the case before implementing IFRS 16, is estimated to the following; operating cost decreases by MNOK 17, Depreciation increases by MNOK 16, Financial cost increases by MNOK 3, and thus EBT decreases by MNOK 2.

Beerenberg will implement IFRS 16 using the simplified approach, and will also use the exemptions in the standard to exclude leases shorter than twelve months and low value leases. The implementation of IFRS 16 will have no cashflow impact.

### 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 31.12.2018.

#### Note 5 - Related party transactions

No related party transactions were conducted in 4<sup>th</sup> 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

Amounts in NOK million	Q4 2018	Q4 2017	YTD 2018	YTD 2017	FY 2017
Services	392,8	317,4	1 373,8	1 568,3	1 568,3
Benarx	70,4	72,3	219,6	367,1	367,1
Eliminations	-27,1	-33,0	-73,8	-83,6	-83,6
<b>Total</b>	<b>436,1</b>	<b>356,6</b>	<b>1 519,6</b>	<b>1 851,9</b>	<b>1 851,9</b>

#### EBITDA by Segment

Amounts in NOK million	Q4 2018	Q4 2017	YTD 2018	YTD 2017	FY 2017
Services	33,0	45,3	119,1	190,6	190,6
Benarx	-11,6	6,3	-22,1	62,3	62,3
Other	0,0	0,0	0,0	0,0	0,0
<b>Total</b>	<b>21,4</b>	<b>51,6</b>	<b>97,0</b>	<b>252,8</b>	<b>252,8</b>

## 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 31.12.2018.