BEERENBERG

Q2

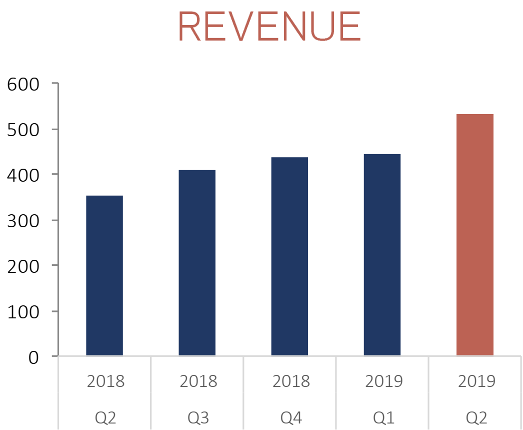
Unaudited First half year and 2nd Quarter results 2019

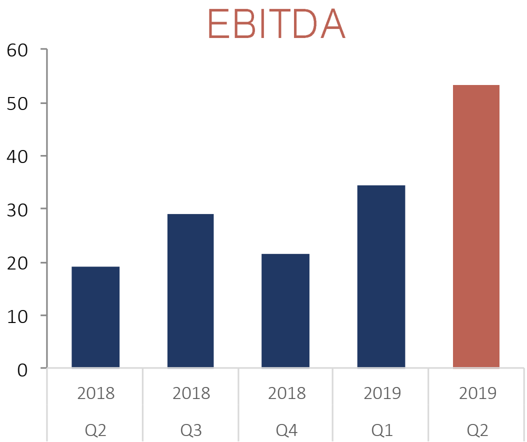
Headlines

"High activity and improved profitability"

This Quarter

Operating Revenue	534 mNOK
EBITDA	53 mNOK
Cash Flow from Operations	-53 mNOK
Order Intake*	90 mNOK
SIF	0,7
Employees**	1352





* includes frame agreements and exercise of options

** Employees end of quarter

Group Overview

The highlights for Beerenberg (Beerenberg AS consolidated) in the 2nd quarter were:

- Revenue was MNOK 534, up 52% compared to 2nd quarter 2018.
- EBITDA was MNOK 53, up from MNOK 19 compared to 2nd quarter 2018. Higher activity in most areas is the main reason for the increase in EBITDA.
- Total order intake in the period was MNOK 90 vs MNOK 22 2nd quarter 2018.
- Estimated order backlog at the end of the quarter was BNOK 9.2.

Income Statement

Revenue in 2nd quarter was MNOK 534 compared to MNOK 352 in 2nd quarter 2018. The increase from the corresponding quarter last year relates to higher activity on new build projects and increased demand for maintenance services under existing frame agreements.

The revenue for the first half of 2019 was MNOK 978, up 45% from MNOK 674 the first half of 2018. The increase of revenue relates to higher activity within both maintenance and new build portfolio.

With an EBITDA of MNOK 53, the EBITDA margin ended at 10.0%, up from 5.4% compared to 2nd quarter 2018. Higher activity and improved margins within Benarx are the main reasons for the improvement.

EBITDA for the first half of 2019 was MNOK 88, up from MNOK 47 the corresponding period last year.

Financial cost in the 2nd quarter 2019 was MNOK 21, up from MNOK 16 the corresponding quarter 2018. The increase is mainly due to implementation of IFRS 16 and higher interest rates on loan and guarantees. Financial costs in the first half of 2019 are MNOK 41 which are the same as the first half of 2018.

Net profit in 2nd quarter 2019 was MNOK 12 compared to a loss of MNOK 7 in 2nd quarter 2018.

Net profit for first half of 2019 was MNOK 9 vs a loss of MNOK 14 the first half of last year.

Balance Sheet

Total assets were MNOK 1 742 at the end of the quarter with an equity ratio of 23%.

Total non-current assets increased by MNOK 58 compared to reported 2nd quarter 2018. The increase is mainly due to implementation of the new leasing standard IFRS 16. Please see note 7 for further information. Current assets ended at MNOK 659, up from MNOK 573 at the end 2nd quarter 2018. Total current liabilities were MNOK 388 compared to MNOK 303 at the end of 2nd quarter 2018.The balance sheet reflects current activities.

Total non-current liabilities were MNOK 952 compared to 884 at the end of 2nd quarter 2018. The increase is also affected by implementation of IFRS 16. The Senior Secured Bond of MNOK 850 was issued in Q1 2017 and mature in 2021.

Net interest-bearing debt was MNOK 832 compared to MNOK 718 in 2nd quarter 2018. Approximately MNOK 63 of this increase relates to the implementation of IFRS 16.

Cash Flow

Total cash flow for the 2nd quarter 2019 was MNOK -94 compared to MNOK -87 in 2nd quarter of 2018. The decrease is mainly explained by increase in capex and working capital, due to growth in activity locally and international.

Cash flow from operating activities was MNOK -53 in Q2 2019 versus -59 MNOK the corresponding quarter in 2018. Net cash flow from investment activities was MNOK -18 versus MNOK -10 the 2nd quarter last year. Net cash flow from financing activities was MNOK -23, mainly payment of interest. Note that payments of leasing, related to IFRS 16, are reported as cash flow from financing activities.

For the first half of 2019 the total cash flow was MNOK -112 vs MNOK -53 the corresponding period last year.

Order Backlog & Market

The tender activity has been high during the 2nd quarter of 2019 relating both to Benarx deliveries and new build projects.

Total order intake of new contracts was approximately MNOK 90 for the period. The major awards were Insulation Material Deliveries for Sembcorp on the Johan Castberg and Vito projects in Singapore. Furthermore, Beerenberg signed a frame agreement with Aibel in Haugesund.

The current estimated order backlog (including frame agreements and options) is BNOK 9.2.

HSEQ

At the end of Q2 2019 Beerenberg had 1352 employees, up from 1235 last quarter.

One serious incident this quarter, falling object without personnel injury results in a total Serious Incident Frequency (SIF) in the period of 1.3 and 0.7 during the last 12 months.

"Beerenberg is seeing increased demand for its service and products"

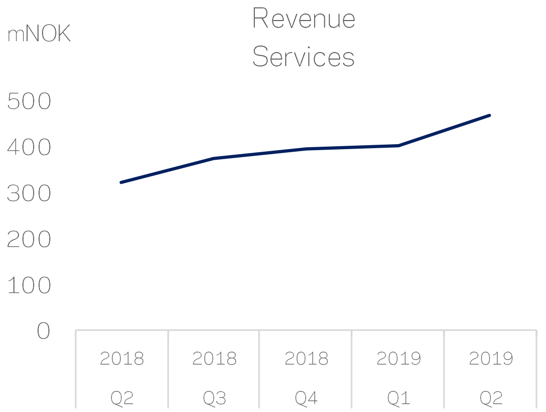
Business Segments

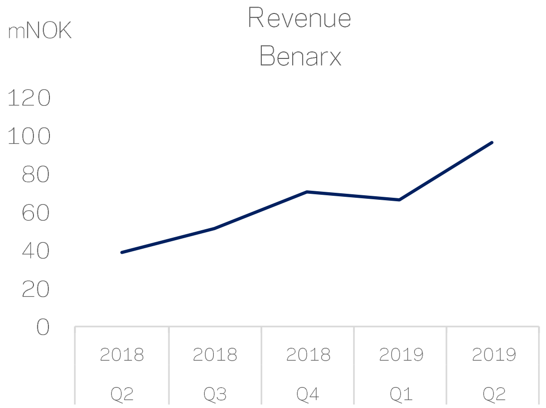
Services

The service segment reports this quarter an increase in revenue of 45% compared to 2nd quarter 2018. The revenue ended at MNOK 469 with EBITDA margin of 9.2%. The main reasons for the higher revenue are increased activity within new build projects and generally higher activity in the maintenance portfolio.

Benarx

Sales in Benarx this quarter ended at MNOK 96, up from MNOK 39 the 2nd quarter 2018. The margin has improved, both compared to corresponding quarter last year and previous quarters. Benarx reports an EBITDA margin in 2nd quarter 2019 of 10.4% versus -27% the 2nd quarter 2018. The EBITDA ended at MNOK 10. Reduced costs and higher activity are the main reasons for the improvements.





Declarations by the Board of Directors

The Board confirm that to the best of our knowledge, the condensed set of financial statement for the period 1. January 2019 to 30. June 2019 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 confirm that the interim first half 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-yearly financial report, and a description of the principal risks and uncertainties facing the Beerenberg AS Group.

Bergen 21. August 2019

Beerenberg AS Board of Directors and CEO

Ketil Lenning
Chairman

Ingelise Arntsen
Director

Sebastian Ehrnrooth
Director

Hilde Drønen
Director

Svein Eggen
Director

Morten Walde
Director

Arild Apelthun
CEO

FIGURES & NOTES

Figures for Beerenberg

Condensed Consolidated Income Statement

Group Summary		Q2	Q2	YTD	YTD	FY
Amounts in NOK million	Note	2019	2018	2019	2018	2018
Operating revenue	6	534,2	352,1	977,7	674,4	1 519,6
Operating expenses		480,8	333,0	890,0	627,9	1 422,5
EBITDA	6	53,3	19,0	87,7	46,5	97,0
Depreciation		12,9	7,6	25,8	15,1	32,1
EBITA		40,4	11,4	61,9	31,5	65,0
Amortisation		4,5	4,2	9,2	8,9	17,3
Operating profit (EBIT)		35,9	7,2	52,7	22,5	47,7
Finance costs - net	4	20,5	16,4	41,0	41,0	77,9
Profit before tax (EBT)		15,4	-9,2	11,7	-18,5	-30,2
Income Tax expense		3,4	-2,1	2,6	-4,3	1,2
Net profit		12,0	-7,1	9,1	-14,3	-31,4
Profit for the period is attributable to:						
Shareholders of the parent company		12,0	-7,1	9,1	-14,3	-31,4
Basic earnings per share (NOK) Diluted earnings per share are identical as there are no dilutive effect		0,04	-0,03	0,03	-0,05	-0,12
EBITDA margin		*10,0 %*	*5,4 %*	*9,0 %*	*6,9 %*	*6,4 %*
EBITA margin		*7,6 %*	*3,2 %*	*6,3 %*	*4,7 %*	*4,3 %*

Condensed Consolidated Statement of Comprehensive Income

Amounts in NOK million	Note	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Net profit for the period		12,0	-7,1	9,1	-14,3	-31,4
Other comprehensive income:						
Conversion differences		-0,8	-2,2	-2,0	-2,4	-0,6
Change in value of derivatives		0,8	-2,8	1,8	2,4	3,8
Total comprehensive income		11,9	-12,1	9,0	-14,3	-28,2

Condensed Consolidated Balance Sheet

Group Summary Amounts in NOK million	Note	Q2 30.06.2019	Q2 30.06.2018	FY 31.12.2018
Goodwill		782,8	786,2	782,8
Intangible assets		56,9	70,3	65,9
Property, plant and equipment	7	243,0	168,0	171,8
Total non-current assets		1 082,6	1 024,5	1 020,5
Goods		73,8	42,3	44,8
Accounts receivables from customers		225,5	225,7	186,4
Earned Not Invoiced Revenue (WIP)		252,7	141,1	163,7
Other Short Term Receivables		19,8	26,7	13,7
Cash and cash equivalents		87,6	136,8	199,3
Total Current Assets		659,4	572,6	607,8
TOTAL ASSETS		1 742,0	1 597,1	1 628,3
Share Capital		26,7	26,7	26,7
Share premium		240,3	240,3	240,3
Retained Earnings		126,8	143,6	127,0
Current year result after est. Tax		9,1	0,0	0,0
Total equity		402,9	410,7	394,0
Deferred tax liabilities		7,3	-2,6	2,7
Pension obligations		9,7	10,3	7,2
Warranty provision		16,5	14,0	16,5
Financial Lease loan	7	70,4	9,8	8,2
Bond	4	842,7	838,4	840,6
Derivatives		4,9	13,6	9,5
Total non-current liabilities		951,6	883,5	884,6
Overdraft & accrued interests		7,0	6,4	6,8
Supplier liabilities		154,7	93,3	147,6
Tax payable		0,0	3,1	0,0
Social Security, VAT and other taxes		51,9	42,6	57,2
Accruals		132,2	116,1	71,7
Deferred Revenue		0,0	0,0	0,0
Other Current Liabilities		41,7	41,4	66,4
Total Current Liabilities		387,5	302,9	349,7
TOTAL EQUITY & LIABILITY		1 742,0	1 597,1	1 628,3

Condensed Consolidated Statement of Change in Equity

Amounts in NOK million	Share capital	Share premium	Conversion reserve	Hedging reserve	Retained earnings	Total
01. January 2019	26,7	240,3	4,9	-3,1	125,1	394,0
Net profit					9,1	9,1
Other Comprehensive Income			-2,0	1,8		-0,2
Equity as per 30.06.2019	26,7	240,3	3,0	-1,3	134,2	402,9

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	159,4	425,0
Net profit					-14,3	-14,3
Other Comprehensive Income			-2,4	2,4		-0,1
Equity as per 30.06.2018	26,7	240,3	3,0	-4,5	145,1	410,7

Condensed Consolidated Statement of Cash Flow

Amounts in NOK million	Note	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
EBITDA		53,3	19,0	87,7	46,5	97,0
Taxes paid		0,0	-19,4	0,0	-36,4	-41,5
Change in net working capital		-108,8	-59,0	-126,9	-2,7	75,3
Changes to other time restricted items		2,4	0,1	1,5	-8,6	-10,1
Net Cash flow from operating activities		-53,0	-59,3	-37,7	-1,2	120,8
Capex		-18,1	-9,7	-27,3	-15,3	-38,9
Net cash flow from investing activities		-18,1	-9,7	-27,3	-15,3	-38,9
Net repayment of interest bearing debt		-4,4	-0,8	-8,3	-1,6	-3,2
Net interest paid	4	-18,6	-16,9	-38,3	-34,5	-68,8
Net cash flow from financing activities		-23,0	-17,7	-46,7	-36,1	-72,0
Total cash flow		-94,2	-86,7	-111,6	-52,6	9,9
Opening balance net bank deposits		181,8	223,5	199,3	189,4	189,4
Closing balance net bank deposits		87,6	136,8	87,6	136,8	199,3

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 2018 provides further information on risks and uncertainties applicable to Beerenberg.

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 2018. The accounting policies applied in the interim financial statements is the same as those described in the Annual Report for 2018, with the exceptions of IFRS 16 Leasing. This standard is new and implemented as of 01.01.2019. Refer to note 7 for implication effects of this standard and refer to note 3, section New standards and interpretations not yet adopted, in the Annual Report for 2018 for further description of this standard.

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 2018 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 this 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 2018. Please refer to Note 3 in the Annual Report for 2018.

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 30.06.2019.

Note 5 – Related party transactions

No related party transactions were conducted in 2nd Quarter of 2019.

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	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Services	468,5	322,8	870,1	608,2	1 373,8
Benarx	96,0	38,9	162,2	98,3	219,6
Eliminations	-30,3	-9,7	-54,6	-32,2	-73,8
Total	534,2	352,1	977,7	674,4	1 519,6

EBITDA by Segment

Amounts in NOK million	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Services	43,3	29,5	74,0	54,3	119,1
Benarx	10,0	-10,5	13,7	-7,8	-22,1
Other	0,0	0,0	0,0	0,0	0,0
Total	53,3	19,0	87,7	46,5	97,0

Note 7 IFRS 16 Leases

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

The group has adopted the standard from 01.01.2019 using the Simplified approach. The group has implemented the standard by applying the exceptions in the standard to exclude short-term and low-value leases. When considering the relevant rental period in the lease contracts, options to extend the contracts are included to the extent that they are very likely to be exercised. When calculating the present value of the lease contracts alternative borrowing rates for similar assets in similar economic environments are applied as discount rate.

The implementation effect of IFRS 16 as at 1st of January 2019 was 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 for 2019 compared to what would have been the case using the previous standard, 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.

The difference between irrevocable operating leasing liabilities in note 22 of the annual accounts for 2018 of MNOK 81 and the implementation effect of IFRS 16 as at 1st January 2019 of MNOK 70 is related to the discounting effect when calculating the lease obligation.

The implementation of IFRS 16 has no cashflow impact.

Note 8 – 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 30.06.2019.