



Q3

Unaudited 3rd Quarter results 2019

Headlines

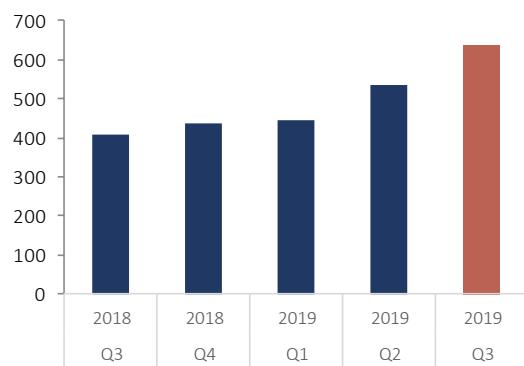
“Earnings improvement in a recovering market”



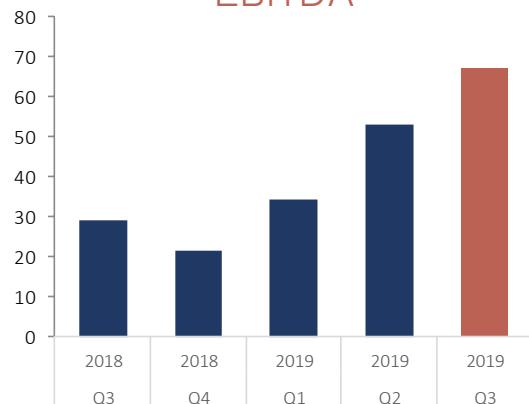
This Quarter

Operating Revenue	639 mNOK
EBITDA	67 mNOK
Cash Flow from Operations	36 mNOK
Order Intake*	125 mNOK
SIF	0,7
Employees**	1485

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 of MNOK 639, up from MNOK 409 in 3rd quarter 2018.
- EBITDA of MNOK 67, up from MNOK 29 in 3rd quarter 2018.
- Total order intake of MNOK 125, up from MNOK 11 in 3rd quarter 2018.
- Estimated order backlog at the end of the quarter was BNOK 9.1.

Income Statement

The Group delivered a 3rd quarter performance improvement in a recovering market, driven mainly by higher activity in maintenance and modification.

The first three quarters of 2019 show a significant increase in revenues of MNOK 1617, up 49% compared to MNOK 1084 in the first three quarters of 2018.

With an EBITDA of MNOK 67, the EBITDA margin ended at 10.5%, up from 7.1% compared to 3rd quarter 2018, mainly driven by improved operational performance and increased activity.

EBITDA for the first three quarters of 2019 of MNOK 155, up from MNOK 76 the corresponding period last year.

The financial cost in the 3rd quarter 2019 were MNOK 17, compared to MNOK 19 in the corresponding quarter 2018. Financial cost in the first three quarters of 2019 were MNOK 58 in line with corresponding period last year of MNOK 60.

The net profit in the 3rd quarter 2019 was MNOK 25 versus a loss of MNOK 1 in 3rd quarter 2018.

The net profit for the first three quarters of 2019 was MNOK 34 vs a loss of MNOK 16 in the corresponding period last year.

Balance Sheet

The balance sheet reflects a higher activity level as well as the IFRS 16 impact.

Total assets were MNOK 1 831 at the end of the quarter, with an equity ratio of 23%.

Total non-current assets were MNOK 1091, up from MNOK 1021. Current assets of MNOK 741 were up from MNOK 609 compared to the end of 3rd quarter 2018.

Total current liabilities of MNOK 451 were up from MNOK 343, and total non-current liabilities were MNOK 952 compared to 876 at the end of 3rd quarter 2018.

Net interest-bearing debt of MNOK 832 compared to MNOK 700 in 3rd quarter 2018, where the increase relates to the implementation of IFRS 16 and change in working capital.

Cash Flow

The Groups cash position was MNOK 84 as per the 3rd quarter 2019, down MNOK 70 from corresponding quarter 2018. This was due to increased working capital associated with higher activity, as well as investment in equipment.

The cash flow for the 3rd quarter 2019 was MNOK -3 compared to MNOK 17 in 3rd quarter of 2018. For the first three quarters of 2019, the cash flow was MNOK -115 compared to MNOK -36 in the first three quarter of 2018.

Order Backlog & Market

The tender activity has been relatively high during the 3rd quarter of 2019 relating both to Benarx deliveries and new build projects.

Total order intake was approximately MNOK 125 for the period, where the major awards were insulation material deliveries, surface treatment deliveries and subsea contracts.

The current estimated order backlog (including frame agreements and options) is BNOK 9,1 as per the 3rd quarter 2019, down from BNOK 9,8 in 3rd quarter 2018.

HSEQ

At the end of 3rd quarter Beerenberg had 1485 employees, up from 1352 last quarter.

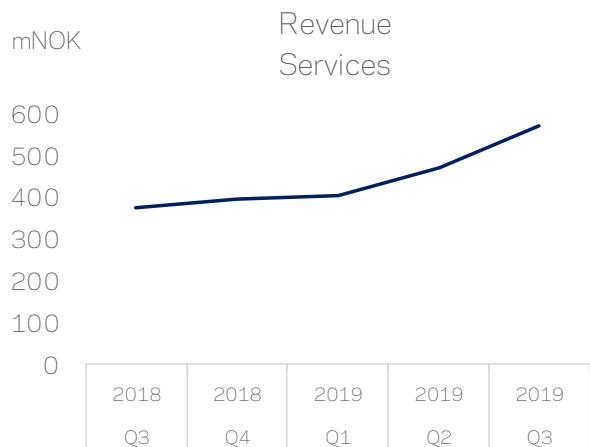
One serious incident this quarter, falling object without personnel injury results in a total Serious Incident Frequency (SIF) in the period of 1,2 and 0,7 during the last 12 months.

“Solid third-quarter performance”

Business Segments

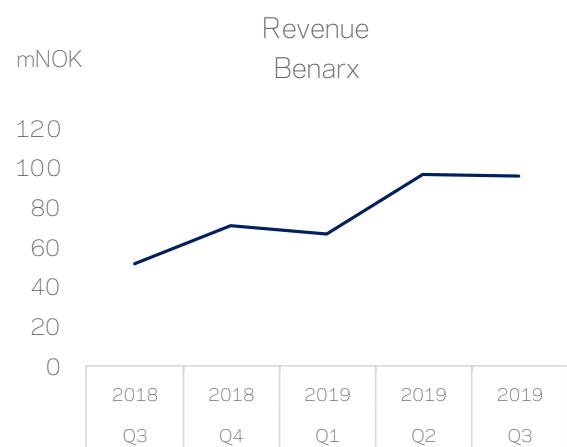
Services

Third quarter revenue was MNOK 569 with an EBITDA margin of 9,9%. The revenue grew 52% due to higher activity in the maintenance and modification segment.



Benarx

Third quarter revenue was MNOK 95 with an EBITDA margin of 11.5%. The margin double from the same period last year.





FIGURES & NOTES

Figures for Beerenberg

Condensed Consolidated Income Statement

Group Summary		Q3	Q3	YTD	YTD	FY
Amounts in NOK million	Note	2019	2018	2019	2018	2018
Operating revenue	6	638,9	409,2	1 616,6	1 083,5	1 519,6
Operating expenses		571,5	380,1	1 461,5	1 007,9	1 422,5
EBITDA	6	67,4	29,1	155,1	75,6	97,0
Depreciation		13,9	7,8	39,7	22,8	32,1
EBITA		53,5	21,3	115,3	52,7	65,0
Amortisation		4,5	4,2	13,6	13,1	17,3
Operating profit (EBIT)		49,0	17,1	101,7	39,6	47,7
Finance costs - net	4	17,2	18,9	58,2	59,9	77,9
Profit before tax (EBT)		31,8	-1,8	43,4	-20,3	-30,2
Income Tax expense		7,0	-0,4	9,6	-4,7	1,2
Net profit		24,8	-1,4	33,9	-15,6	-31,4
Profit for the period is attributable to:						
Shareholders of the parent company		24,8	-1,4	33,9	-15,6	-31,4
Basic earnings per share (NOK)		0,09	-0,01	0,13	-0,06	-0,12
Diluted earnings per share are identical as there are no dilutive effect						
EBITDA margin		10,5 %	7,1 %	9,6 %	7,0 %	6,4 %
EBITA margin		8,4 %	5,2 %	7,1 %	4,9 %	4,3 %

Condensed Consolidated Statement of Comprehensive Income

Amounts in NOK million	Note	Q3	Q3	YTD	YTD	FY
		2019	2018	2019	2018	2018
Net profit for the period		24,8	-1,4	33,9	-15,6	-31,4
<i>Other comprehensive income:</i>						
Conversion differences		-0,2	-0,3	-2,2	-2,8	-0,6
Change in value of derivatives		0,4	2,4	2,3	4,8	3,8
Total comprehensive income		25,0	0,7	33,9	-13,6	-28,2

Condensed Consolidated Balance Sheet

Group Summary Amounts in NOK million	Note	Q3 30.09.2019	Q3 30.09.2018	FY 31.12.2018
Goodwill		782,8	782,8	782,8
Intangible assets		52,4	69,9	65,9
Property, plant and equipment	7	248,1	168,1	171,8
Financial fixed assets		7,5	0,0	0,0
Total non-current assets		1 090,7	1 020,7	1 020,5
Goods		67,9	49,8	44,8
Accounts receivables from customers		256,1	234,6	186,4
Earned Not Invoiced Revenue (WIP)		312,3	151,5	163,7
Other Short Term Receivables		19,9	19,6	13,7
Cash and cash equivalents		84,4	153,9	199,3
Total current assets		740,5	609,4	607,8
TOTAL ASSETS		1 831,2	1 630,1	1 628,3
Share Capital		26,7	26,7	26,7
Share premium		240,3	240,3	240,3
Retained Earnings		127,0	144,6	127,0
Current year result after est. Tax		33,9	0,0	0,0
Total equity		427,9	411,6	394,0
Deferred tax liabilities		14,4	-2,3	2,7
Pension obligations		8,8	6,9	7,2
Warranty provision		16,5	14,0	16,5
Financial Lease loan	7	65,6	8,7	8,2
Bond	4	843,8	839,5	840,6
Derivatives		3,3	9,4	9,5
Total non-current liabilities		952,4	876,2	884,6
Overdraft & accrued interests		7,2	6,6	6,8
Supplier liabilities		168,2	135,2	147,6
Tax payable		0,0	1,9	0,0
Social Security, VAT and other taxes		69,8	43,2	57,2
Accruals		146,2	106,2	71,7
Deferred Revenue		0,0	0,0	0,0
Other Current Liabilities		59,5	49,3	66,4
Total Current Liabilities		450,9	342,3	349,7
TOTAL EQUITY & LIABILITY		1 831,2	1 630,1	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					33,9	33,9
Other Comprehensive Income			-2,2	2,3		0,1
Equity as per 30.09.2019	26,7	240,3	2,7	-0,8	159,0	427,9

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	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

Condensed Consolidated Statement of Cash Flow

Amounts in NOK million	Note	Q3	Q3	YTD	YTD	FY
		2019	2018	2019	2018	2018
EBITDA		67,4	29,1	155,1	75,6	97,0
Taxes paid		0,0	0,0	0,0	-36,4	-41,5
Change in net working capital		-21,2	20,8	-148,0	18,1	75,3
Changes to other time restricted items		-9,9	-2,5	-8,4	-11,1	-10,1
Net Cash flow from operating activities		36,3	47,3	-1,4	46,1	120,8
Capex		-18,8	-11,5	-46,1	-26,8	-38,9
Net cash flow from investing activities		-18,8	-11,5	-46,1	-26,8	-38,9
Net repayment of interest bearing debt		-4,8	-1,1	-13,1	-2,7	-3,2
Net interest paid	4	-15,9	-17,7	-54,2	-52,1	-68,8
Net cash flow from financing activities		-20,7	-18,7	-67,3	-54,8	-72,0
Total cash flow		-3,2	17,1	-114,8	-35,5	9,9
Opening balance net bank deposits		87,6	136,8	199,3	189,4	189,4
Closing balance net bank deposits		84,4	153,9	84,4	153,9	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.	833		223 247		224 081	
	732	83,4 %	653	83,9 %	385	83,9 %
	92		24 931		25 023	
AlpInvest Partners Co-Investments 2012 I C.V.	121	9,2 %	110	9,4 %	231	9,4 %
	23		6 310		6 334	
AlpInvest Partners Co-Investments 2011 II C.V.	319	2,3 %	883	2,4 %	202	2,4 %
	50		11 510		11 561	
Management	828	5,1 %	354	4,3 %	182	4,3 %
	1 000		266 000		267 000	
Total	000	100 %	000	100 %	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 30.09.2019.

Note 5 - Related party transactions

No related party transactions were conducted in 3rd 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	Q3	Q3	YTD	YTD	FY
	2019	2018	2019	2018	2018
Services	568,9	372,8	1 439,0	981,0	1 373,8
Benarx	95,4	50,9	257,6	149,2	219,6
Eliminations	-25,4	-14,5	-80,0	-46,7	-73,8
Total	638,9	409,2	1 616,6	1 083,5	1 519,6

EBITDA by Segment

Amounts in NOK million	Q3	Q3	YTD	YTD	FY
	2019	2018	2019	2018	2018
Services	56,4	31,8	130,4	86,1	119,1
Benarx	11,0	-2,7	24,7	-10,5	-22,1
Other	0,0	0,0	0,0	0,0	0,0
Total	67,4	29,1	155,1	75,6	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 30.09.2019.