



# Q1

Unaudited 1<sup>st</sup> Quarter results 2020

# Headlines

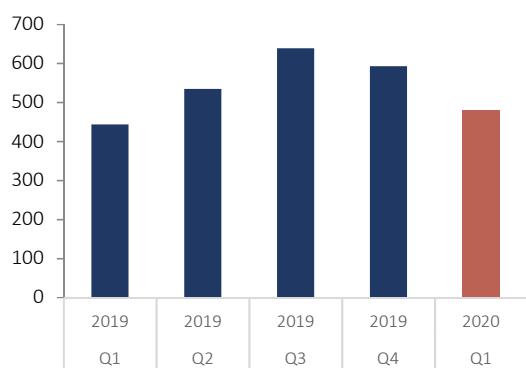
“Covid-19 effects from mid-March”



## This Quarter

Operating Revenue	480 mNOK
EBITDA	37 mNOK
Cash Flow from Operations	-24 mNOK
Order Intake*	90 mNOK
SIF	1,6
Employees**	1284

## REVENUE



## EBITDA



\* includes frame agreements and exercise of options

\*\* Employees end of quarter



# Group Overview

The highlights for Beerenberg (Beerenberg AS consolidated) in the 1<sup>st</sup> quarter were:

- Revenue was MNOK 480, up 8% compared to 1<sup>st</sup> quarter 2019.
- EBITDA of MNOK 37, up from MNOK 34 compared to Q1 2019. Higher activity within new build, maintenance and modification is the main reason for the increase in EBITDA.
- Total order intake in the period was MNOK 90 vs MNOK 250 1<sup>st</sup> quarter 2019.
- Estimated order backlog at the end of the quarter was BNOK 8.9.
- With high activity both in January and February the covid-19 pandemic had an immediate disruptive effect on the company from the middle of March.

## Income Statement

Revenue in 1<sup>st</sup> quarter was MNOK 480 compared to MNOK 444 in 1<sup>st</sup> quarter 2019. The increase from the corresponding quarter last year relates to work at Johan Sverdrup and high demand for maintenance onshore.

EBITDA was MNOK 37, up from MNOK 34 compared to corresponding quarter last year. Improved margin in Benarx explains most of the improvement. The EBITDA margin for the Group ended at 7.7% in line with the corresponding quarter last year.

Financial cost in the 1<sup>st</sup> quarter 2020 was MNOK 7,4, down from MNOK 20,5 1<sup>st</sup> quarter 2019. The difference is mainly explained by currency effects due to the weakening of the NOK compared mainly to USD and Euro.

Net profit in 1<sup>st</sup> quarter 2020 was MNOK 9,1 compared to a loss of MNOK 2,9 in 1<sup>st</sup> quarter 2019.

## Balance Sheet

The balance sheet reflects a higher activity level in the first months compared to the first months in 2019. This is especially reflected in current assets. Total assets were MNOK 1 809 at the end of the quarter, with an equity ratio of 25%.

Total non-current assets were MNOK 1 072, down from MNOK 1 082. Current assets of MNOK 737 were up from MNOK 623 compared to the end of 1<sup>st</sup> quarter 2019.

Total current liabilities of MNOK 1 263 were up from MNOK 366, and total non-current liabilities were MNOK 99 compared to 949 at the end of 1<sup>st</sup> quarter 2019. The main reason for these changes is reclassification of Bond to current liabilities. The Bond matures in February 2021. The process of refinancing was put on hold in Q1, due to the Covid-19 outbreak. The process is now restarted, but no final solution was in place at 31<sup>st</sup> of March.

The Net interest-bearing debt was MNOK 644 compared to MNOK 656 in 1<sup>st</sup> quarter 2019.

Net working capital ended at MNOK 141, compared to MNOK 82 at the end of 1<sup>st</sup> quarter 2019. The reason for the increase is increased activity in the start of 1<sup>st</sup> quarter 2020 compared to corresponding quarter last year.

## Cash Flow

Cash flow from operating activities was negative MNOK 21 in 1<sup>st</sup> quarter 2020 versus positive MNOK 15 in corresponding period last year. The decrease relates to mainly increased Net working capital in the quarter.

The Groups cash position by the end of 1<sup>st</sup> quarter was MNOK 210, up from MNOK 182 for 1<sup>st</sup> quarter 2019.

## Order Backlog & Market

The tender activity has been stable during the 1st quarter of 2020 relating both to Benarx/Subsea deliveries and new build ISO projects.

Total order intake of new contracts was approximately MNOK 90 for the period. The awards were mainly related to subsea, new build ISO and decommissioning projects.

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

## HSEQ

At the end of 1<sup>st</sup> quarter Beerenberg had 1284 employees, down from 1312 last quarter.

One serious incident this quarter, falling object without personnel injury, results in a total Serious Incident Frequency (SIF) in the period of 1,6 and 1,6 during the last 12 months.

## Covid-19

From the middle of March, the covid-19 pandemic has had an immediate disruptive effect on the company, with most projects shifting from high activity to minimum activity as both the Norwegian authorities and customers implemented regulations to reduce the spread of the virus. Beerenberg took immediate action to reduce the number of employees through use of temporary layoffs and adapt the organization to the lower activity level.

Beerenberg will not go through this crisis unaffected. In the short term, uncertain conditions will adversely affect the activity. Currently, Beerenberg's ability to deliver products and services is good, but this will be affected by the authorities' future restrictions on the flow of products and services. Beerenberg is working on adapting both production and storage of critical commodities so that

deliveries can take place according to plan. Persistent restrictions on travel between countries may present challenges as the activity level increases. As of today, there are restrictions on travel between countries that mean that flexibility is somewhat limited.

The company's financing is partly arranged through a listed bond, with maturity in early 2021. The risk of refinancing the listed bond is expected to increase due to the disruptive events in 2020 in connection with the Covid-19 pandemic and prevailing low price of oil.

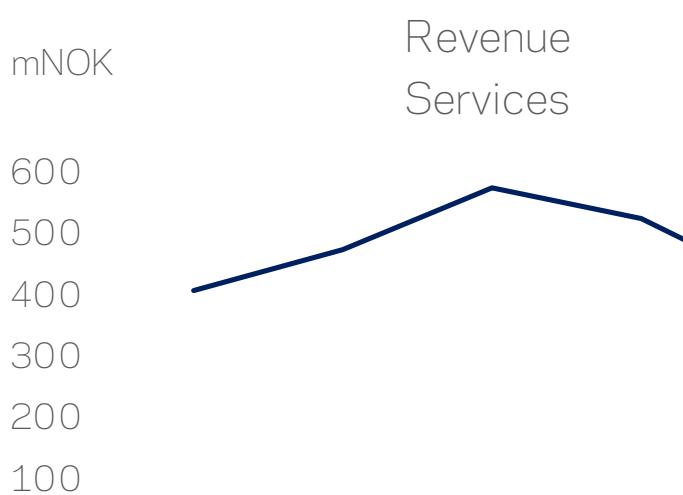
The company will utilize any government directed packages where the company is qualified in order to soften the implications of the Covid-19 pandemic.

**“High activity level in both segments, but a challenging end to the quarter”**

## Business Segments

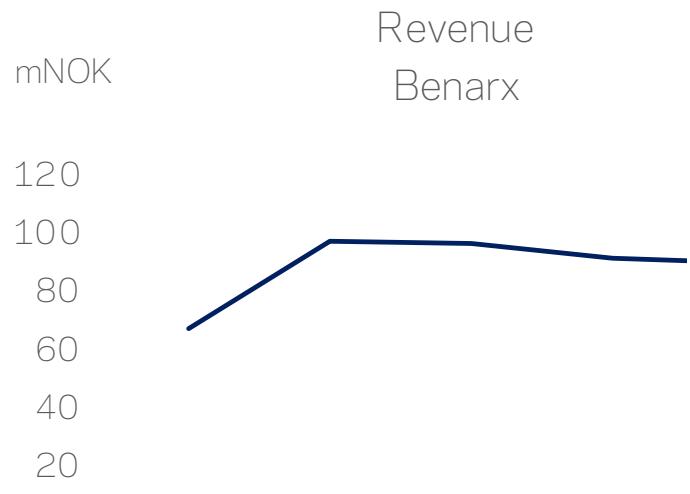
### Services

The Service segment revenue for 1<sup>st</sup> quarter was MNOK 404, with an EBITDA margin of 6,9%. The revenue grew 1%, compared to the same period last year mainly due to higher activity in the maintenance and modification segment but was affected from the middle of March by the Covid-19 pandemic.



### Benarx

The Benarx segment reports a revenue of MNOK 89 for the quarter with an EBITDA of 9,7%. Revenue was up 35% compared to the same period last year. Especially Asia and Subsea has increased activity compared to 1<sup>st</sup> quarter 2019. In Europe the impact of covid-19 pandemic has been evident from the middle of March. In Asia the impact came in Q2.





## FIGURES & NOTES

# Figures for Beerenberg

## Condensed Consolidated Income Statement

Group Summary		Q1	Q1	YTD	YTD	FY
Amounts in NOK million	Note	2020	2019	2020	2019	2019
Operating revenue	6	480,0	443,5	480,0	443,5	2 209,6
Operating expenses		443,2	409,2	443,2	409,2	1 993,4
EBITDA	6	36,7	34,3	36,7	34,3	216,1
Depreciation		13,3	12,9	13,3	12,9	56,1
EBITA		23,4	21,4	23,4	21,4	160,1
Amortisation		4,3	4,6	4,3	4,6	18,0
Operating profit (EBIT)		19,1	16,8	19,1	16,8	142,0
Finance costs - net	4	7,4	20,5	7,4	20,5	80,0
Profit before tax (EBT)		11,7	-3,7	11,7	-3,7	62,0
Income Tax expense		2,6	-0,8	2,6	-0,8	16,7
Net profit		9,1	-2,9	9,1	-2,9	45,4
<b>Profit for the period is attributable to:</b>						
Shareholders of the parent company		9,1	-2,9	9,1	-2,9	45,4
Basic earnings per share (NOK)		0,03	-0,01	0,03	-0,01	0,17
Diluted earnings per share are identical as there are no dilutive effect						
EBITDA margin		7,7 %	7,7 %	7,7 %	7,7 %	9,8 %
EBITA margin		4,9 %	4,8 %	4,9 %	4,8 %	7,2 %

## Condensed Consolidated Statement of Comprehensive Income

Amounts in NOK million	Note	Q1	Q1	YTD	YTD	FY
		2020	2019	2020	2019	2019
<b>Net profit for the period</b>		<b>9,1</b>	<b>-2,9</b>	<b>9,1</b>	<b>-2,9</b>	<b>45,4</b>
<i>Other comprehensive income:</i>						
Conversion differences		2,5	-1,1	2,5	-1,1	-1,5
Change in value of derivatives		-4,8	1,0	-4,8	1,0	2,3
<b>Total comprehensive income</b>		<b>6,9</b>	<b>-3,0</b>	<b>6,9</b>	<b>-3,0</b>	<b>46,1</b>

## Condensed Consolidated Balance Sheet

Group Summary Amounts in NOK million	Note	Q1	Q1	FY
		31.03.2020	31.03.2019	31.12.2019
Goodwill	7	782,8	782,8	782,8
Intangible assets		43,3	61,4	47,5
Property, plant and equipment		237,8	238,2	246,2
Financial fixed assets		8,2	0,0	7,8
<b>Total non-current assets</b>		<b>1 072,1</b>	<b>1 082,3</b>	<b>1 084,2</b>
Goods		74,4	49,8	61,2
Accounts receivables from customers		301,0	165,5	251,6
Earned Not Invoiced Revenue (WIP)		124,7	206,3	187,0
Other Short Term Receivables		27,5	20,2	16,8
Cash and cash equivalents		209,6	181,8	256,8
<b>Total current assets</b>		<b>737,2</b>	<b>623,5</b>	<b>773,4</b>
<b>TOTAL ASSETS</b>		<b>1 809,3</b>	<b>1 705,8</b>	<b>1 857,6</b>
Share Capital		26,7	26,7	26,7
Share premium		240,3	240,3	240,3
Retained Earnings		170,8	124,0	173,1
Current year result after est. Tax		9,1	0,0	0,0
<b>Total equity</b>		<b>446,9</b>	<b>391,0</b>	<b>440,1</b>
Deferred tax liabilities		6,2	2,5	5,0
Pension obligations		9,5	7,3	10,1
Warranty provision		19,1	16,5	19,0
Financial Lease loan		64,3	74,1	69,0
Bond	4	0,0	841,7	844,9
Derivatives		0,0	7,1	2,2
<b>Total non-current liabilities</b>		<b>99,1</b>	<b>949,2</b>	<b>950,2</b>
Overdraft & accrued interests		7,0	6,4	7,3
Supplier liabilities		121,3	144,6	161,8
Tax payable		16,4	0,0	16,4
Social Security, VAT and other taxes		77,1	56,9	91,1
Accruals		82,0	65,9	108,7
Deferred Revenue		1,3	5,1	0,0
Other Current Liabilities		105,0	86,7	82,1
Bond	4	846,0	0,0	0,0
Derivatives		7,2	0,0	0,0
<b>Total Current Liabilities</b>		<b>1 263,3</b>	<b>365,6</b>	<b>467,4</b>
<b>TOTAL EQUITY &amp; LIABILITY</b>		<b>1 809,3</b>	<b>1 705,8</b>	<b>1 857,6</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 2020	26,7	240,3	3,4	-0,8	170,5	440,1
Net profit					9,1	9,1
Other Comprehensive Income			2,5	-4,8		-2,3
<b>Equity as per 31.03.2020</b>	<b>26,7</b>	<b>240,3</b>	<b>5,9</b>	<b>-5,6</b>	<b>179,6</b>	<b>446,9</b>

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					-2,9	-2,9
Other Comprehensive Income			-1,1	1,0		-0,1
<b>Equity as per 31.03.2019</b>	<b>26,7</b>	<b>240,3</b>	<b>3,8</b>	<b>-2,0</b>	<b>122,2</b>	<b>391,0</b>

## Condensed Consolidated Statement of Cash Flow

Amounts in NOK million	Note	Q1	Q1	YTD	YTD	FY
		2020	2019	2020	2019	2019
EBITDA		36,7	34,3	36,7	34,3	216,2
Taxes paid		0,0	0,0	0,0	0,0	-0,1
Change in net working capital		-68,1	-18,1	-68,1	-18,1	-8,4
Changes to other time restricted items		9,8	-0,9	9,8	-0,9	-8,0
<b>Net Cash flow from operating activities</b>		<b>-21,5</b>	<b>15,3</b>	<b>-21,5</b>	<b>15,3</b>	<b>199,6</b>
Capex		-2,6	-9,2	-2,6	-9,2	-52,3
<b>Net cash flow from investing activities</b>		<b>-2,6</b>	<b>-9,2</b>	<b>-2,6</b>	<b>-9,2</b>	<b>-52,3</b>
Net repayment of interest bearing debt		-4,7	-3,9	-4,7	-3,9	-16,8
Net interest paid	4	-18,4	-19,7	-18,4	-19,7	-73,0
<b>Net cash flow from financing activities</b>		<b>-23,1</b>	<b>-23,6</b>	<b>-23,1</b>	<b>-23,6</b>	<b>-89,8</b>
<b>Total cash flow</b>		<b>-47,2</b>	<b>-17,5</b>	<b>-47,2</b>	<b>-17,5</b>	<b>57,5</b>
Opening balance net bank deposits		256,8	199,3	256,8	199,3	199,3
Closing balance net bank deposits		209,6	181,8	209,6	181,8	256,8

# 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 2019 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.	833 732	83,4 %	223 247 653	83,9 %	224 081 385	83,9 %
AlplInvest Partners Co-Investments 2012 I C.V.	92 121	9,2 %	24 931 110	9,4 %	25 023 231	9,4 %
AlplInvest Partners Co-Investments 2011 II C.V.	23 319	2,3 %	6 310 883	2,4 %	6 334 202	2,4 %
Management	50 828	5,1 %	11 510 354	4,3 %	11 561 182	4,3 %
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 2019. The accounting policies applied in the interim financial statements is the same as those described in the Annual Report for 2019.

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 2019 is available at [www.Beerenberg.com](http://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 2019. Please refer to Note 3 in the Annual Report for 2019.

### 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 renewed 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 31.03.2020.

The Bond matures in February 2021. The process of refinancing was put on hold in Q1, due to the Covid-19 outbreak. The process is now restarted, but no final solution was in place at 31<sup>st</sup> of March.

### Note 5 - Related party transactions

No related party transactions were conducted in 1<sup>st</sup> Quarter of 2020.

### 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	Q1 2020	Q1 2019	YTD 2020	YTD 2019	FY 2019
Services	404,3	401,6	404,3	401,6	1 958,9
Benarx	89,0	66,2	89,0	66,2	347,8
Eliminations	-13,3	-24,3	-13,3	-24,3	-97,1
<b>Total</b>	<b>480,0</b>	<b>443,5</b>	<b>480,0</b>	<b>443,5</b>	<b>2 209,6</b>

## EBITDA by Segment

Amounts in NOK million	Q1 2020	Q1 2019	YTD 2020	YTD 2019	FY 2019
Services	28,1	30,7	28,1	30,7	186,4
Benarx	8,6	3,7	8,6	3,7	29,7
Other	0,0	0,0	0,0	0,0	0,0
<b>Total</b>	<b>36,7</b>	<b>34,3</b>	<b>36,7</b>	<b>34,3</b>	<b>216,1</b>

## Note 7 – Goodwill

Goodwill is allocated to the two operating segments with MNOK 200 to Benarx and MNOK 582,8 to Services. Goodwill is tested annually for impairment by comparing net present value of expected future cashflows to net capital employed for both operating segments. IAS 36 also requires an entity at each reporting date to assess whether there is any indication that an asset may be impaired.

The Covid-19 Pandemic combined with the decrease in oil price level, is events that triggers a test for impairment. Therefore, an impairment test with updated forecasts has been performed. The conclusion of this test is that recoverable amount through expected future cashflows exceeds the carrying amount of net capital employed in both segments, and that no impairment is required in either segment.

Refer to note 12 in the annual report for further description of Goodwill and test for impairment. The updated impairment test has been performed with the same underlying assumptions, however updated with revised future cash flows following the new market situation.

The sensitivity analysis for the impairment test has also been updated, and as the table below shows, the headroom before an impairment situation arises is decreased compared to note 12 in the annual report for 2019.

The table below set out changes in assumptions that results in an impairment situation

Change in assumption	Benarx	Services
Required rate of return	+ 9,6 %	4,4 %
Revenue *	- 40 %	-33 %
Operating Result	-48 %	-47 %

\* margins as before change of assumption

#### Note 8 – Subsequent events

The covid-19 pandemic still has an impact on the business after the reporting date, but no events occurred that are of significant impact when considering the financial position or result in the group as of 31.03.2020.