



Q2

Unaudited First half year and 2<sup>nd</sup> Quarter results 2020

# Headlines

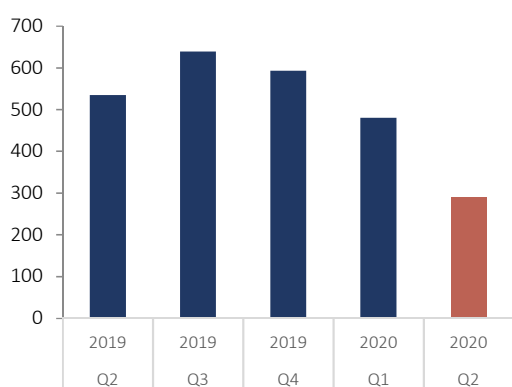
“Strong profitability and cash flow despite significant impact of covid-19 on activity”



## This Quarter

Operating Revenue	290 mNOK
EBITDA	45 mNOK
Cash Flow from Operations	96 mNOK
Order Intake*	140 mNOK
SIF	5,4
Employees**	1249

## REVENUE



## EBITDA



\* includes frame agreements and exercise of options

\*\* Employees end of quarter



# Group Overview

The highlights for Beerenberg (Beerenberg AS consolidated) in the 2<sup>nd</sup> quarter were:

- Revenue was MNOK 290, down 46% compared to 2<sup>nd</sup> quarter 2019.
- EBITDA of MNOK 45, down from MNOK 53 compared to Q2 2019.
- Lower activity within most areas due to the Covid-19 pandemic is the main reason for the decrease in both revenues and EBITDA. The substantial decrease in activity has to some degree been compensated by the government covid-19 program, MNOK 15 both on EBITDA and revenues.
- Total order intake in the period was MNOK 140 vs MNOK 90 in the 2<sup>nd</sup> quarter 2019.
- Estimated order backlog at the end of the quarter was BNOK 8.8 compared to BNOK 9,2 at the end of the quarter last year.
- Together with DSL Thailand, a subsidiary Beerenberg DSL Thailand has been established in the 2<sup>nd</sup> Quarter. The first project for the company will be supply and installation of insulation material to the Johan Sverdrup phase 2 project under construction at the Aibel yard in Thailand.

## Income Statement

Revenue in 2<sup>nd</sup> quarter was MNOK 290 compared to MNOK 534 in 2<sup>nd</sup> quarter 2019. The decrease from the corresponding quarter last year relates to Covid-19 effects. The situation in 2<sup>nd</sup> quarter was heavily affected by the restrictions Norwegian authorities and customers implemented to reduce the spread of the virus.

The revenue for the first half of 2020 was MNOK 770, down 21% from MNOK 978 the first half of 2019. The decrease in activity is related to Covid-19 effects.

EBITDA in the first half of 2020 was MNOK 82 down from MNOK 88 compared to first half last year. Lower activity first half of 2020 compared to the same period last year explains the decrease. The EBITDA margin for the Group ended at 10,7% compared to 9% the corresponding period last year. Contribution from the Norwegian government as well as improved margins in both Benarx and Services explains the increase in margins.

Financial cost in the 2<sup>nd</sup> quarter 2020 was MNOK 24, up from MNOK 20,5 in the 2<sup>nd</sup> quarter 2019. The difference is mainly explained by currency effects due to the strengthening of the NOK compared to other currencies, mainly USD.

Net profit in 2<sup>nd</sup> quarter 2020 was MNOK 2,8 compared to a net profit of MNOK 12 in 2<sup>nd</sup> quarter 2019.

## Balance Sheet

The balance sheet reflects lower activity level in 2<sup>nd</sup> quarter of 2020 compared to corresponding period last year. In particular current assets and the groups cash position have been affected. Total assets were MNOK 1 751 at the end of the quarter, with an equity ratio of 26%.

Total non-current assets were MNOK 1058, down from MNOK 1082. Current assets of MNOK 692 were up from MNOK 659 compared to the end of 2<sup>nd</sup> quarter 2019.

Total current liabilities of MNOK 1.208 were up from MNOK 387, and total non-current liabilities were MNOK 96 compared to 952 at the end of 2<sup>nd</sup> quarter 2019. The

main reason for these changes is reclassification of Beerenberg's MNOK 850 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.

The net interest-bearing debt was MNOK 633 compared to MNOK 832 in 2<sup>nd</sup> quarter 2019. The main difference is the increased cash position.

Net working capital ended at MNOK 84 in the period, compared to MNOK 191 at the end of 2<sup>nd</sup> quarter 2019. The reason for the decrease is lower activity in 2<sup>nd</sup> quarter 2020 compared to corresponding quarter last year.

### Cash Flow

Cash flow from operating activities was positive MNOK 96 in 2<sup>nd</sup> quarter 2020 versus negative MNOK 53 in corresponding period last year. The increase relates mainly to decreased net working capital in the quarter.

Total cashflow in 2<sup>nd</sup> quarter 2020 was positive MNOK 78,4 compared to negative MNOK 94 in 2<sup>nd</sup> quarter 2019.

The Groups cash position by the end of 2<sup>nd</sup> quarter was MNOK 288, up from MNOK 88 for 2<sup>nd</sup> quarter 2019.

### Order Backlog & Market

Tender activity has generally been reasonable during the 2<sup>nd</sup> quarter. The outlook for the O&G industry in Norway in the near and medium term has improved with the changes in the tax regime for O&G projects. This is likely to be positive for the activity level going forward.

Total order intake of new contracts was approximately MNOK 140 for the period. The major awards were the subcontract for ISO products and work on Johan Sverdrup Phase 2 MSF project for Aibel Thailand and the

extension of frame agreement with Aker Solutions for the Yme project.

The current estimated order backlog (including frame agreements and options) is BNOK 8,8. Compared to BNOK 9,2 same period last year.

### HSEQ

At the end of 2<sup>nd</sup> quarter Beerenberg had 1249 employees, down from 1284 last quarter.

Two serious incident this quarter, both near misses without personnel injury, results in a total Serious Incident Frequency (SIF) in the period of 5,4 and 2,2 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 the use of temporary layoffs and adapted the organization to the lower activity level.

Beerenberg will not go through this crisis unaffected but from the middle of April a slow recovery has started. We saw an increase in activity as 2<sup>nd</sup> quarter 2020 went along in almost all areas. In the short term, uncertain conditions will 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 manpower. Persistent restrictions on travel between countries may present challenges as the activity level increases. Currently there

are restrictions on travel between countries that affects our flexibility.

The company's financing is partly arranged through a listed bond, with maturity in early 2021. The risk of not successfully refinance the listed bond is expected to increase due to the disruptive events in 2020 in connection with the Covid-19 pandemic the and prevailing low price of oil.

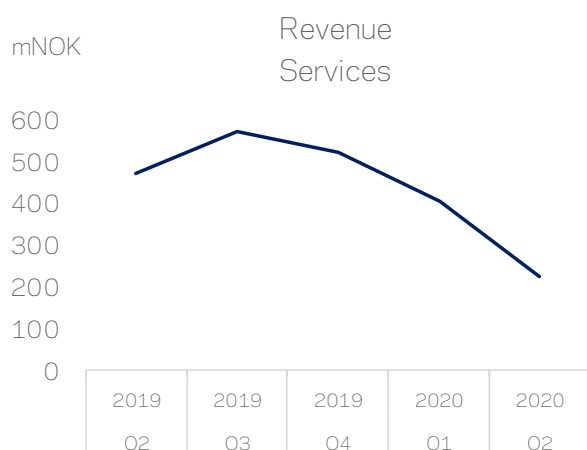
The company has and will utilize any government directed programs where the company is qualified in order to soften the implications of the Covid-19 pandemic.

## “Significant impact from covid-19 on activity”

# Business Segments

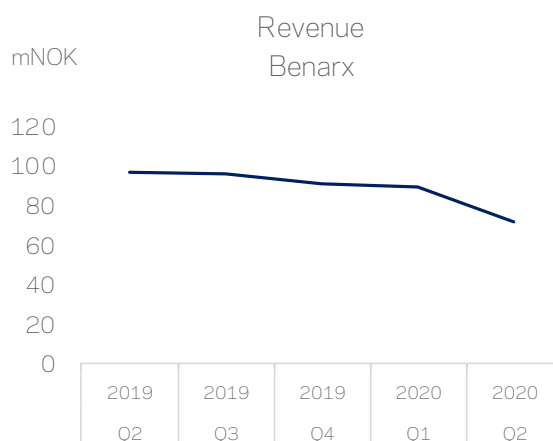
### Services

The Service segment revenue for 2<sup>nd</sup> quarter was MNOK 224, with an EBITDA margin of 17.1%. The revenue dropped 52%, compared to the same period last year mainly due to the Covid-19 pandemic and restrictions on operations.



### Benarx

The Benarx segment reports a revenue of MNOK 72 for the quarter with an EBITDA of 10.1%. Revenue was down 26% compared to the same period last year. Asia and Subsea has had increased activity compared to 2<sup>nd</sup> quarter 2019. Asia was impacted by the Covid-19 pandemic in June. In Europe the impact of Covid-19 pandemic has been evident in the whole period.

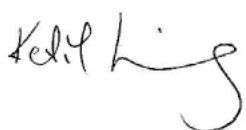


# Declarations by the Board of Directors

The Board confirm that to the best of our knowledge, the condensed set of financial statement for the period 1. January 2020 to 30. June 2020 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 2020

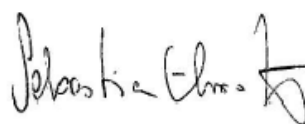
Beerenberg AS Board of Directors and CEO



Ketil Lenning  
Chairman



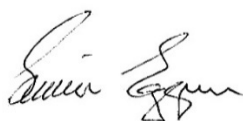
Ingelise Arntsen  
Director



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	2020	2019	2020	2019	2019
Operating revenue	6	290,1	534,2	770,1	977,7	2 209,6
Operating expenses		244,7	480,8	688,0	890,0	1 993,4
<b>EBITDA</b>	6	45,4	53,3	82,1	87,7	216,1
Depreciation		13,7	12,9	27,0	25,8	56,1
<b>EBITA</b>		31,7	40,4	55,1	61,9	160,1
Amortisation		4,1	4,5	8,4	9,2	18,0
<b>Operating profit (EBIT)</b>		27,6	35,9	46,7	52,7	142,0
Finance costs - net	4	24,0	20,5	31,4	41,0	80,0
<b>Profit before tax (EBT)</b>		3,6	15,4	15,3	11,7	62,0
Income Tax expense		0,8	3,4	3,4	2,6	16,7
<b>Net profit</b>		2,8	12,0	12,0	9,1	45,4
<b>Profit for the period is attributable to:</b>						
Shareholders of the parent company		2,8	12,0	12,0	9,1	45,4
Non controlling interests		0,0	0,0	0,0	0,0	0,0
<b>Net profit</b>		2,8	12,0	12,0	9,1	45,4
Basic earnings per share (NOK)		0,01	0,04	0,04	0,03	0,17
Diluted earnings per share are identical as there are no dilutive effect						
<i>EBITDA margin</i>		15,6 %	10,0 %	10,7 %	9,0 %	9,8 %
<i>EBITA margin</i>		10,9 %	7,6 %	7,2 %	6,3 %	7,2 %

## Condensed Consolidated Statement of Comprehensive Income

Amounts in NOK million	Note	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
<b>Net profit for the period</b>		<b>2,8</b>	<b>12,0</b>	<b>12,0</b>	<b>9,1</b>	<b>45,4</b>
<i>Other comprehensive income:</i>						
Conversion differences		-1,3	-0,8	1,2	-2,0	-1,5
Change in value of derivatives		-2,5	0,8	-7,3	1,8	2,3
<b>Total comprehensive income</b>		<b>-1,0</b>	<b>11,9</b>	<b>5,9</b>	<b>9,0</b>	<b>46,1</b>

## Condensed Consolidated Balance Sheet

Group Summary		Q2	Q2	FY
Amounts in NOK million	Note	30.06.2020	30.06.2019	31.12.2019
Goodwill	7	782,8	782,8	782,8
Intangible assets		39,2	56,9	47,5
Property, plant and equipment		227,5	243,0	246,2
Financial fixed assets		8,7	0,0	7,8
<b>Total non-current assets</b>		<b>1 058,1</b>	<b>1 082,6</b>	<b>1 084,2</b>
Goods		68,7	73,8	61,2
Accounts receivables from customers		243,1	225,5	251,6
Earned Not Invoiced Revenue (WIP)		70,6	252,7	187,0
Other Short Term Receivables		22,4	19,8	16,8
Cash and cash equivalents		288,1	87,6	256,8
<b>Total current assets</b>		<b>692,9</b>	<b>659,4</b>	<b>773,4</b>
<b>TOTAL ASSETS</b>		<b>1 751,0</b>	<b>1 742,0</b>	<b>1 857,6</b>
Share Capital		28,3	26,7	26,7
Share premium		240,3	240,3	240,3
Retained Earnings		166,9	135,9	173,1
Current year result after est. Tax		12,0	0,0	0,0
<b>Total equity</b>		<b>447,6</b>	<b>402,9</b>	<b>440,1</b>
Deferred tax liabilities		6,0	7,3	5,0
Pension obligations		10,3	9,7	10,1
Warranty provision		19,0	16,5	19,0
Financial Lease loan		60,2	70,4	69,0
Bond	4	0,0	842,7	844,9
Derivatives		0,0	4,9	2,2
<b>Total non-current liabilities</b>		<b>95,5</b>	<b>951,6</b>	<b>950,2</b>
Overdraft & accrued interests		6,5	7,0	7,3
Supplier liabilities		39,6	154,7	161,8
Tax payable		16,4	0,0	16,4
Social Security, VAT and other taxes		81,8	51,9	91,1
Accruals		118,0	132,2	108,7
Deferred Revenue		44,5	0,0	0,0
Other Current Liabilities		36,9	41,7	82,1
Bond & other financial debt	4	854,9	0,0	0,0
Derivatives		9,3	0,0	0,0
<b>Total Current Liabilities</b>		<b>1 207,9</b>	<b>387,5</b>	<b>467,4</b>
<b>TOTAL EQUITY &amp; LIABILITY</b>		<b>1 751,0</b>	<b>1 742,0</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	Equity attributable to parent Company	Non Controlling interests	Total equity
01. January 2020	26,7	240,3	3,4	-0,8	170,5	440,1	0,0	440,1
Net profit					12,0	12,0		12,0
Other Comprehensive Income			1,2	-7,3		-6,1		-6,1
Changes in non-controlling interests							1,6	1,6
<b>Equity as per 30.06.2020</b>	<b>26,7</b>	<b>240,3</b>	<b>4,6</b>	<b>-8,1</b>	<b>182,5</b>	<b>446,0</b>	<b>1,6</b>	<b>447,6</b>

Amounts in NOK million

	Share capital	Share premium	Conversion reserve	Hedging reserve	Retained earnings	Equity attributable to parent	Non Controlling interests	Total
01. January 2019	26,7	240,3	4,9	-3,1	125,1	394,0	0,0	394,0
Net profit					24,0	24,0		24,0
Other Comprehensive Income			-1,7	1,6				-0,1
<b>Equity as per 30.06.2019</b>	<b>26,7</b>	<b>240,3</b>	<b>3,3</b>	<b>-1,5</b>	<b>149,1</b>	<b>417,8</b>	<b>0,0</b>	<b>417,8</b>

## Condensed Consolidated Statement of Cash Flow

Amounts in NOK million	Note	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
EBITDA		45,4	53,3	82,1	87,7	216,2
Taxes paid		0,1	0,0	0,1	0,0	-0,1
Change in net working capital		56,9	-108,8	-11,2	-126,9	-8,4
Changes to other time restricted items		-5,9	2,4	3,9	1,5	-8,0
<b>Net Cash flow from operating activities</b>		<b>96,4</b>	<b>-53,0</b>	<b>74,9</b>	<b>-37,7</b>	<b>199,6</b>
Capex		-4,6	-18,1	-7,2	-27,3	-52,3
<b>Net cash flow from investing activities</b>		<b>-4,6</b>	<b>-18,1</b>	<b>-7,2</b>	<b>-27,3</b>	<b>-52,3</b>
Net repayment of interest bearing debt		3,7	-4,4	-1,0	-8,3	-16,8
Share capital increase (non controlling interest)		1,6	0,0	1,6	0,0	0,0
Net interest paid	4	-18,7	-18,6	-37,1	-38,3	-73,0
<b>Net cash flow from financing activities</b>		<b>-13,4</b>	<b>-23,0</b>	<b>-36,5</b>	<b>-46,7</b>	<b>-89,8</b>
<b>Total cash flow</b>		<b>78,4</b>	<b>-94,2</b>	<b>31,3</b>	<b>-111,6</b>	<b>57,5</b>
Opening balance net bank deposits		209,6	181,8	256,8	199,3	199,3
Closing balance net bank deposits		288,1	87,6	288,1	87,6	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 %
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	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 30<sup>th</sup> of June 2020.

The Bond matures in February 2021. The process of refinancing was put on hold, due to the Covid-19 outbreak. The process is now restarted, but no final solution was in place at 30<sup>th</sup> of June.

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.

### Note 5 - Related party transactions

No related party transactions were conducted in 2<sup>nd</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	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Services	223,7	468,5	628,0	870,1	1 958,9
Benarx	71,5	96,0	160,5	162,2	347,8
Eliminations	-5,1	-30,3	-18,4	-54,6	-97,1
<b>Total</b>	<b>290,1</b>	<b>534,2</b>	<b>770,1</b>	<b>977,7</b>	<b>2 209,6</b>

## EBITDA by Segment

Amounts in NOK million	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Services	38,2	43,3	66,2	74,0	186,4
Benarx	7,2	10,0	15,8	13,7	29,7
Other	0,0	0,0	0,0	0,0	0,0
<b>Total</b>	<b>45,4</b>	<b>53,3</b>	<b>82,1</b>	<b>87,7</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 triggered a test for impairment in the first Quarter of 2020. Therefore, an impairment test with updated forecasts was performed. The conclusion of this test was that recoverable amount through expected future cashflows exceeds the carrying amount of net capital employed in both segments, and that no impairment because of the Covid-19 Pandemic was required in either segment.

In the 2<sup>nd</sup> Quarter the Covid-19 Pandemic is still impacting the Group, however updated forecasts are somewhat more favorable now than at the time of the reporting of the 1<sup>st</sup> Quarter. Also, the cash position has improved and the carrying amount of net capital employed is decreased. Based on this the conclusions from the test for impairment from the 1<sup>st</sup> Quarter report still stands.

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 - Investment in Subsidiary

Together with DSL Thailand, a subsidiary Beerenberg DSL Thailand has been established in the 2<sup>nd</sup> Quarter. The first project for the company will be supply and installation of insulation material to the Johan Sverdrup phase 2 project under construction at the Aibel yard in Thailand. The investment by DSL Thailand in Beerenberg DSL Thailand represents a non-controlling interest, thus net profit that is attributable to non-controlling interest is presented in the Condensed Statement of Income and in the Condensed Consolidated Statement of Change in Equity.

#### Note 9 - Subsequent events

The covid-19 pandemic will continue to have 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 30.06.2020. The bond-refinancing process has been restarted.