



Q3

Unaudited 3<sup>rd</sup> Quarter results 2020

# Headlines

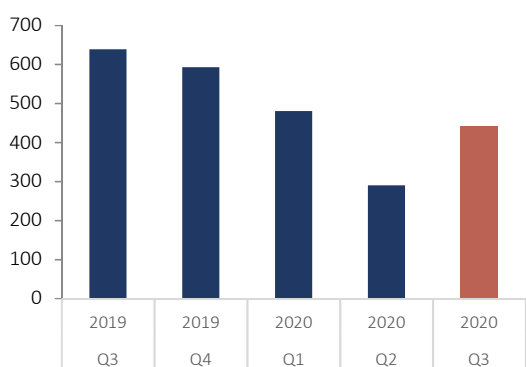
“Strong operational performance and solid near term outlook”



## This Quarter

Operating Revenue	441 mNOK
EBITDA	78 mNOK
Cash Flow from Operations	41 mNOK
Order Intake*	52 mNOK
SIF	3,3
Employees**	1220

## REVENUE



## EBITDA



\* includes frame agreements and exercise of options

\*\* Employees end of quarter



# Group Overview

The highlights for Beerenberg (Beerenberg AS consolidated) in the 3<sup>rd</sup> quarter were:

- Activity gradually increasing within the period as the restrictions and quarantine regulations are being managed more efficiently by the Group and the customers.
- Revenue was MNOK 441, down 31% compared to 3<sup>rd</sup> quarter 2019.
- EBITDA of MNOK 78, up from MNOK 67 (+16%) compared to Q3 2019.
- Lower activity within most areas due to the Covid-19 pandemic explains the decrease in revenues compared to Q3 2019. The strong EBITDA is mostly explained by good operational performance. Compensation from the government covid-19 program is reflected by MNOK 10 both on EBITDA and revenues in the quarter.
- Total order intake in the period was MNOK 52 vs MNOK 125 in the 3<sup>rd</sup> quarter 2019.
- Estimated order backlog at the end of the quarter was BNOK 8.6 compared to BNOK 9,1 at the end of the quarter last year
- The company has engaged ABG Sundal Collier and Danske Bank as managers for the refinancing of the NOK 850 million bond (BBERG02) with maturity in February 2021.

## Income Statement

Revenue in 3<sup>rd</sup> quarter was MNOK 441 compared to MNOK 639 in 3<sup>rd</sup> quarter 2019. The decrease from the corresponding quarter last year relates mainly to Covid-19 effects.

The revenue year to date of MNOK 1211 is down 25% from MNOK 1617 year to date in 2019. The decrease in activity is related to Covid-19 effects.

EBITDA in 3<sup>rd</sup> quarter 2020 was MNOK 78 up from MNOK 67 compared to corresponding quarter last year. Cost reductions, compensation from the government covid-19 support program and strong operational performance explains the improved margins.

Financial cost in the 3<sup>rd</sup> quarter 2020 was MNOK 21, up from MNOK 17 in the 3<sup>rd</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 3<sup>rd</sup> quarter 2020 was MNOK 31 compared to a net profit of MNOK 25 in 3<sup>rd</sup> quarter 2019.

## Balance Sheet

The balance sheet reflects increased activity level towards the end of the quarter. The groups cash position has increased compared to last year. Total assets were MNOK 1 870 at the end of the quarter, with an equity ratio of 26%.

Total non-current assets were MNOK 1043, down from MNOK 1091 compared to the end of 3<sup>rd</sup> quarter 2019. Current assets of MNOK 827 were up from MNOK 740.

Total current liabilities of MNOK 1.289 were up from MNOK 451, and total non-current liabilities were MNOK 100 compared to 952 at the end of 3<sup>rd</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. ABG Sundal Collier and Danske Bank has been engaged as managers for the refinancing.

The net interest-bearing debt was MNOK 613 compared to MNOK 832 in 3<sup>rd</sup> quarter 2019. The main difference is the increased cash position.

Net working capital ended at MNOK 117 in the period, compared to MNOK 212 at the end of 3<sup>rd</sup> quarter 2019. The reason for the decrease is lower activity in 3<sup>rd</sup> quarter 2020.

#### Cash Flow

The Groups cash position improved by MNOK 221 by the end of 3<sup>rd</sup> quarter 2020 compared to 3<sup>rd</sup> quarter 2019.

Cash flow from operating activities was positive by MNOK 41 in 3<sup>rd</sup> quarter 2020 versus positive MNOK 36 in corresponding period last year. The increase relates mainly to improved EBITDA in the quarter.

Total cashflow in 3<sup>rd</sup> quarter 2020 was positive MNOK 16,6 compared to negative MNOK 3 in 3<sup>rd</sup> quarter 2019. Capex was MNOK 2 compared to MNOK 19 same quarter last year.

#### Order Backlog & Market

The tender activity has been stable during the 3<sup>rd</sup> quarter of 2020 relating both to Benarx/Subsea deliveries and maintenance/new build ISO projects.

Total order intake of new contracts was approximately MNOK 52 for the period. The main order intake was the Project Agreement under the current Frame Agreement with Kværner Verdal for the AkerBP Hod Development Project.

The current estimated order backlog (including frame agreements and options) is BNOK 8,6.

#### HSEQ

At the end of 3<sup>rd</sup> quarter Beerenberg had 1220 employees, down from 1249 last quarter.

Two serious incidents this quarter, these lost time incidents results in a total Serious Incident Frequency (SIF) in the period of 3,3 and 2,5 during the last 12 months. Full recovery of the personnel involved in both incidents are expected.

#### Environment, Social and Governance

For Beerenberg ESG is about safeguarding our own future, improve conditions for the local environment and generally help create positive social development.

The focus and expectations relating to ESG are increasing and rapidly evolving. As a supplier to the oil and gas industry, it is key for Beerenberg to manage our ESG risks and opportunities.

ESG is directly linked to the long-term success of Beerenberg. It is our vision to go "Beyond expectations" - to seek solutions that exceed the expectations of the wider world and we therefore have a responsibility to drive necessary changes, while continually seeking out and creating more sustainable solutions.

We have consistently been working on our HSEQ performance and will now strengthen our approach to the wider ESG scope. We will report on this work in line with recognized ESG frameworks and stakeholder expectations in connection with our annual reporting for 2020.

## 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 manage its cost and adapted the organization to the lower activity level.

Beerenberg is not going through this crisis unaffected but from the middle of April a slow recovery started which continued during the 2<sup>nd</sup> quarter. In the 3<sup>rd</sup> quarter the recovery has been significant. However, the situation related to covid-19 remains unpredictable. Beerenberg's ability to deliver products and services is good but will be subject to changes in regulations on the flow of products and manpower. Persistent restrictions on travel between countries represents challenges and affects our flexibility.

Beerenberg has implemented quarantine rules and covid-19 test regime for all of our foreign workers in order to prevent outbreak of covid-19 at our projects.

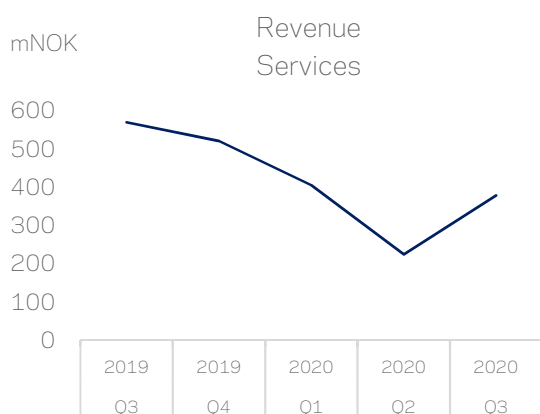
The company has and will utilize any government directed programs where the company is qualified in order to soften the implications of the Covid-19 pandemic.

## “Solid operational performance and recovering activity”

# Business Segments

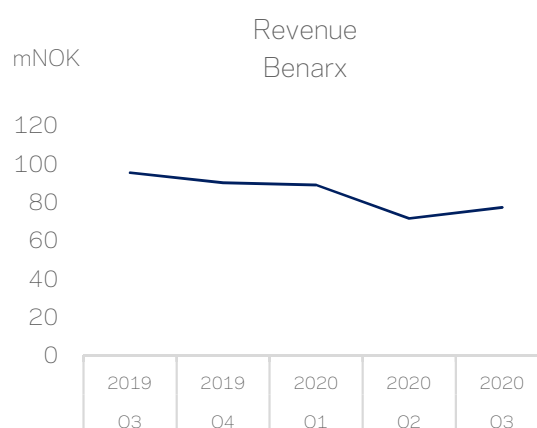
### Services

The Service segment revenue for 3<sup>rd</sup> quarter was MNOK 378, a drop of 34% compared to last year mainly due to covid-19. The EBITDA margin was 16.2%. Cost reductions, compensation from the government covid-19 support program and strong operational performance explains the improved margins.



### Benarx

The Benarx segment reports a revenue of MNOK 77 for the quarter with an EBITDA of 21.6%. Revenue was down 19% compared to the same period last year. Lower product sales were partially offset by increased activity in Subsea compared to 3<sup>rd</sup> quarter 2019. Despite impacts of the Covid-19 pandemic in the whole period, cost savings and solid operational performance and results in improved margins in in the segment in the period.





FIGURES & NOTES

## Condensed Consolidated Income Statement

Group Summary		Q3	Q3	YTD	YTD	FY
Amounts in NOK million	Note	2020	2019	2020	2019	2019
Operating revenue	6	441,4	638,9	1 211,5	1 616,6	2 209,6
Operating expenses		363,3	571,5	1 051,2	1 461,5	1 993,4
<b>EBITDA</b>	6	78,1	67,4	160,3	155,1	216,1
Depreciation		13,3	13,9	40,4	39,7	56,1
<b>EBITA</b>		64,8	53,5	119,9	115,3	160,1
Amortisation		4,1	4,5	12,4	13,6	18,0
<b>Operating profit (EBIT)</b>		60,7	49,0	107,5	101,7	142,0
Finance costs - net	4	21,2	17,2	52,5	58,2	80,0
<b>Profit before tax (EBT)</b>		39,6	31,8	54,9	43,4	62,0
Income Tax expense		8,7	7,0	12,1	9,6	16,7
<b>Net profit</b>		30,9	24,8	42,8	33,9	45,4
<b>Profit for the period is attributable to:</b>						
Shareholders of the parent company		30,9	24,8	42,8	33,9	45,4
Non controlling interests		0,0	0,0	0,0	0,0	0,0
<b>Net profit</b>		30,9	24,8	42,8	33,9	45,4
Basic earnings per share (NOK)		0,12	0,09	0,16	0,13	0,17
Diluted earnings per share are identical as there are no dilutive effect						
<i>EBITDA margin</i>		17,7 %	10,5 %	13,2 %	9,6 %	9,8 %
<i>EBITA margin</i>		14,7 %	8,4 %	9,9 %	7,1 %	7,2 %



## Condensed Consolidated Statement of Comprehensive Income

Amounts in NOK million	Note	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
<b>Net profit for the period</b>		<b>30,9</b>	<b>24,8</b>	<b>42,8</b>	<b>33,9</b>	<b>45,4</b>
<i>Other comprehensive income:</i>						
Conversion differences		-0,4	-0,2	0,8	-2,2	-1,5
Change in value of derivatives		1,8	0,4	-5,5	2,3	2,3
<b>Total comprehensive income</b>		<b>32,3</b>	<b>25,0</b>	<b>38,2</b>	<b>33,9</b>	<b>46,1</b>

## Condensed Consolidated Balance Sheet

Group Summary		Q3	Q3	FY
Amounts in NOK million	Note	30.09.2020	30.09.2019	31.12.2019
Goodwill	7	782,8	782,8	782,8
Intangible assets		35,1	52,4	47,5
Property, plant and equipment		215,7	248,1	246,2
Financial fixed assets		9,2	7,5	7,8
<b>Total non-current assets</b>		<b>1 042,8</b>	<b>1 090,7</b>	<b>1 084,2</b>
Goods		72,9	67,9	61,2
Accounts receivables from customers		299,7	256,1	251,6
Earned Not Invoiced Revenue (WIP)		122,6	312,3	187,0
Other Short Term Receivables		27,1	19,9	16,8
Cash and cash equivalents		304,7	84,4	256,8
<b>Total current assets</b>		<b>827,0</b>	<b>740,5</b>	<b>773,4</b>
<b>TOTAL ASSETS</b>		<b>1 869,8</b>	<b>1 831,2</b>	<b>1 857,6</b>
Share Capital		28,2	26,7	26,7
Share premium		240,3	240,3	240,3
Retained Earnings		168,4	160,9	173,1
Current year result after est. Tax		42,9	0,0	0,0
<b>Total equity</b>		<b>479,8</b>	<b>427,9</b>	<b>440,1</b>
Deferred tax liabilities		15,2	14,4	5,0
Pension obligations		10,8	8,8	10,1
Warranty provision		19,0	16,5	19,0
Financial Lease loan		55,3	65,6	69,0
Bond	4	0,0	843,8	844,9
Derivatives		0,0	3,3	2,2
<b>Total non-current liabilities</b>		<b>100,3</b>	<b>952,4</b>	<b>950,2</b>
Overdraft & accrued interests		6,5	7,2	7,3
Supplier liabilities		112,3	168,2	161,8
Tax payable		16,4	0,0	16,4
Social Security, VAT and other taxes		69,3	69,8	91,1
Accruals		120,4	146,2	108,7
Deferred Revenue		45,9	0,0	0,0
Other Current Liabilities		57,1	59,5	82,1
Bond & other financial debt	4	855,9	0,0	0,0
Derivatives		5,9	0,0	0,0
<b>Total Current Liabilities</b>		<b>1 289,6</b>	<b>450,9</b>	<b>467,4</b>
<b>TOTAL EQUITY &amp; LIABILITY</b>		<b>1 869,8</b>	<b>1 831,2</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					42,8	43,4	-0,6	42,8
Other Comprehensive Income			0,8	-5,5		-4,6		-4,6
Changes in non-controlling interests							1,5	1,5
<b>Equity as per 30.09.2020</b>	<b>26,7</b>	<b>240,3</b>	<b>4,3</b>	<b>-6,3</b>	<b>213,3</b>	<b>478,9</b>	<b>0,9</b>	<b>479,8</b>

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 2019	26,7	240,3	4,9	-3,1	125,1	394,0	0,0	394,0
Net profit					33,9	33,9		33,9
Other Comprehensive Income			-2,2	2,3		0,1		0,1
<b>Equity as per 30.09.2019</b>	<b>26,7</b>	<b>240,3</b>	<b>2,7</b>	<b>-0,8</b>	<b>159,0</b>	<b>427,9</b>	<b>0,0</b>	<b>427,9</b>

## Condensed Consolidated Statement of Cash Flow

Amounts in NOK million	Note	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
EBITDA		78,1	67,4	160,2	155,1	216,2
Taxes paid		0,0	0,0	0,1	0,0	-0,1
Change in net working capital		-33,4	-21,2	-44,6	-148,0	-8,4
Changes to other time restricted items		-3,4	-9,9	0,5	-8,4	-8,0
<b>Net Cash flow from operating activities</b>		<b>41,4</b>	<b>36,3</b>	<b>116,3</b>	<b>-1,4</b>	<b>199,6</b>
Capex		-1,6	-18,8	-8,7	-46,1	-52,3
<b>Net cash flow from investing activities</b>		<b>-1,6</b>	<b>-18,8</b>	<b>-8,7</b>	<b>-46,1</b>	<b>-52,3</b>
Net repayment of interest bearing debt		-4,9	-4,8	-5,9	-13,1	-16,8
Share capital increase (non controlling interest)		0,0	0,0	1,6	0,0	0,0
Net interest paid	4	-18,3	-15,9	-55,3	-54,2	-73,0
<b>Net cash flow from financing activities</b>		<b>-23,2</b>	<b>-20,7</b>	<b>-59,7</b>	<b>-67,3</b>	<b>-89,8</b>
<b>Total cash flow</b>		<b>16,6</b>	<b>-3,2</b>	<b>47,9</b>	<b>-114,8</b>	<b>57,5</b>
Opening balance net bank deposits		288,1	87,6	256,8	199,3	199,3
Closing balance net bank deposits		304,7	84,4	304,7	84,4	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 September 2020.

The Bond matures in February 2021. ABG Sundal Collier and Danske Bank has been engaged as managers for the refinancing. If the refinancing process is not successful, this may increase the financial risk of the company.

### Note 5 - Related party transactions

No related party transactions were conducted in 3<sup>rd</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	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Services	377,9	568,9	1 005,9	1 439,0	1 958,9
Benarx	77,2	95,4	237,8	257,6	347,8
Eliminations	-13,7	-25,4	-32,2	-80,0	-97,1
<b>Total</b>	<b>441,4</b>	<b>638,9</b>	<b>1 211,5</b>	<b>1 616,6</b>	<b>2 209,6</b>

## EBITDA by Segment

Amounts in NOK million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Services	61,4	56,4	127,6	130,4	186,4
Benarx	16,7	11,0	32,6	24,7	29,7
Other	0,0	0,0	0,0	0,0	0,0
<b>Total</b>	<b>78,1</b>	<b>67,4</b>	<b>160,3</b>	<b>155,1</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 3<sup>rd</sup> Quarter the Covid-19 Pandemic is still impacting the Group, however updated forecasts are 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 was also updated in the first Quarter, 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 30.09.2020. ABG Sundal Collier and Danske Bank has been engaged as managers for the refinancing.