

# Beerenberg (BBERG)



## Firing on All Cylinders

Beerenberg AS ("Beerenberg" or "the Company") is a leading supplier of maintenance and modification services to the oil and gas industry on the Norwegian Continental Shelf ("NCS"). Beerenberg is going into 2024 with a record backlog of NOK 10.6bn following the ongoing upcycle in Norway's oil and gas industry. Historically, 80% of revenues come from the Company's maintenance, modifications, and operations ("MMO") service which has long contracts visible in the order backlog, in 2024 that amounts to NOK 2.4bn which is more than the last 5 years' total revenue. Based on an estimated NOK 247m in EBIT 2024 and an equally weighted Peer- and DCF valuation, a potential fair value of NOK 43.5 per share is derived in a Base scenario.

### Oil and Gas Industry Upswing Drives Growth

The cyclical oil and gas industry has since the last boom in 2014 seen years of underinvestments. Following the war in Ukraine, which underpinned European energy security, investments on the NCS have been catalysed. Beerenbergs services are less cyclical than the oil and gas industry due to the Company's main services within insulation, scaffolding, and surface treatment ("ISS") being OpEx and maintenance CapEx driven. However, the Company is still poised to ride the industry tailwind as the ISS market is expected to grow at a 10% CAGR until 2026.

### Record Backlog with Contracts Running Past 2030

In Q1-24 order intake amounted to NOK 3.9bn, up 41% from the 2023 total order backlog, with further order intake expected in H2-24. Order backlog is related to frame agreements to Beerenberg's biggest service MMO, but the Company's other services newbuild, industry, and robotics are seeing record activity as well. Tender activity is high, and field operators' premiers established companies with experience, the Company's 47 years of being a trusted service provider and the relations with NCS field operators is therefore estimated to continue yielding contracts and boost sales. Two of the largest operators on the NCS, Equinor and Aker BP, have set expansive CapEx guidance, with increases of over 50% the next 5-6 years, to maintain and increase oil production in the coming decade. Notably, Equinor and Aker BP are Beerenberg's largest customers, contributing over 60% of total revenue, yet this accounts for less than 1% of the companies combined CapEx. As a result, Analyst Group estimate revenues the next 6 years to reach NOK 2.6-3.0bn p.a, which is 40% higher than the last 6 years combined revenues.

### Refinanced Bonds Are Set to Half Financial Expenses

In 2020, Beerenberg issued NOK 750m in callable bonds at an interest rate of 8.99% plus the NIBOR rate, which was 0.3% at the time. By 2023, the NIBOR rose to 4.5%, making the effective interest rate 13.5%. Of the original bonds, NOK 625m remained, resulting in financial expenses of NOK 88m—three times the 2023 EBT of NOK 29m. When the bonds matured in 2023, Beerenberg refinanced with three loans of NOK 200m each. In 2024, with about NOK 450m worth of loans left at an interest rate of 8.75%, financial expenses are set to half and increase net income by NOK 40m after tax.

### VALUATION RANGE

**Bear**  
NOK 14.7

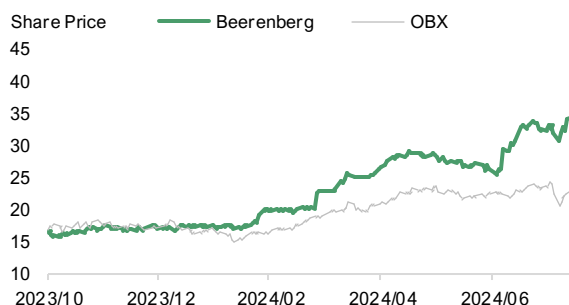
**Base**  
NOK 43.5

**Bull**  
NOK 50.7

### KEY INFORMATION

Share Price (2024-08-22)	40.6 NOK
Shares Outstanding	24,570,000
Market Cap (MNOK)	997.5
Net debt(+) (MNOK)	418.0
Enterprise Value (MNOK)	1,415.5
List	Oslo Growth
Quarterly report 3 2024	2024-11-15

### SHARE PRICE DEVELOPMENT



### OWNERS (SOURCE: HOLDINGS)

Altrad Investment	24.7 %
Camars AS	18.1 %
Mustang Capital AS	5.7 %
Sebastian Ehrnrooth	0.4 %
Arild Apeltun	0.3 %

Estimates (M NOK)	2023A	2024E	2025E	2026E
Revenue	2,343	3,030	2,588	2,690
COGS	-218	-202	-219	-236
<b>Gross Profit</b>	<b>2,124</b>	<b>2,827</b>	<b>2,369</b>	<b>2,453</b>
Gross Margin	90.6%	93.3%	91.5%	91.2%
Operating costs	-2,006	-2,579	-2,218	-2,285
<b>EBIT</b>	<b>118</b>	<b>247</b>	<b>151</b>	<b>168</b>
EBIT Margin	4.9%	8.2%	5.8%	6.3%
P/S	0.33x	0.33x	0.39x	0.37x
EV/S	0.49x	0.47x	0.55x	0.53x
EV/EBITDA	4x	4.6x	6.5x	6.0x
EV/EBIT	6.4x	5.7x	9.4x	8.4x

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