2024-08-23

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.

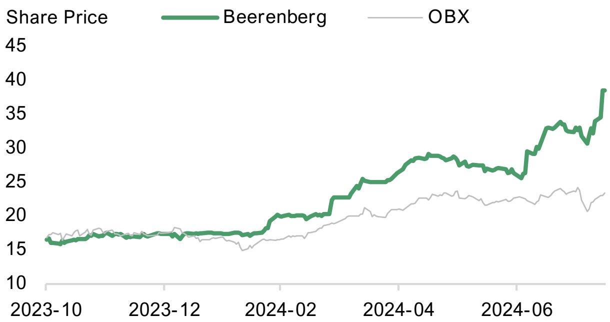
Valuation Range

Bear	Base	Bull
NOK 14.7	NOK 43.5	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 %
Camar AS	18.1 %
Mustang Capital AS	5.7 %
Sebastian Ehrnrooth	0.4 %
Arild Apelthun	0.3 %

Estimates (MNOK)	2023A	2024E	2025E	2026E
Revenue	2,343	3,030	2,588	2,690
COGS	-218	-202	-219	-236
Gross Profit	2,124	2,827	2,369	2,453
Gross Margin	90.6%	93.3%	91.5%	91.2%
Operating costs	-2,006	-2,579	-2,218	-2,285
EBIT	118	247	151	168
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

Introduction

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About the Company

Beerenberg is a leading service provider of insulation, scaffolding, and surface treatment ("ISS") services on the Norwegian Continental Shelf ("NCS") and a global supplier of insulation products. The Company's offering covers the entire oil and gas value chain, from newbuilds to maintenance, modifications, and lifetime extensions. The Company has over 1,400 employees and two reporting segments, Services and the product segment Benarx. Beerenberg's headquarters is situated in Bergen with additional offices in Poland, South Korea, the UK, Singapore, Brazil, and Thailand. The Company was founded in 1977 and became publicly listed on Euronext Growth Oslo on October 5th, 2023.

CEO and Chairman

CEO	Arild Apelthun
Chairman	Geir Magne Aarstad

Analyst

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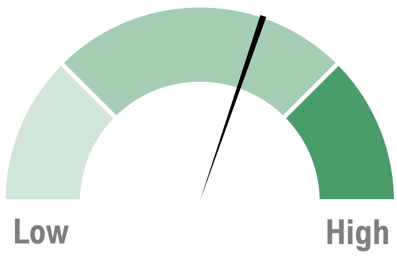
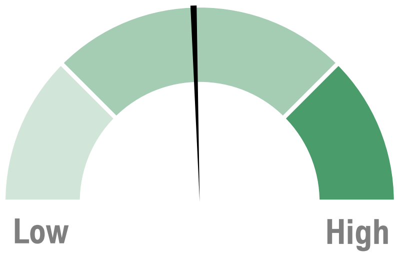
Value Drivers



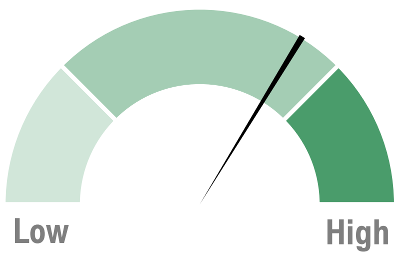
Beerenberg has stable growth opportunities going forward and a record backlog for 2024, stemming from the oil and gas industry's capital cycle upswing on the NCS. Additionally, tender activity is high with further order intake expected during H2-24, adding to the already high backlog. Value drivers stems from new contracts being awarded, which increase stable revenues and raise bottom line.

Historical Profitability



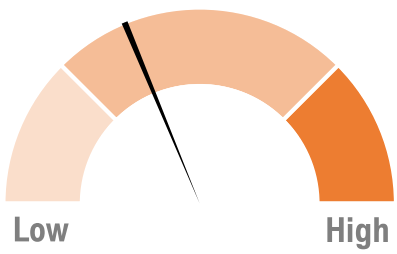
Beerenberg is profitable but shows low profit margins, ranging between 1-3% the past three years. The cyclical nature of the oil and gas industry leads to investment volatility, affecting profitability for market participants. However, since Beerenberg's services are mainly OpEx and maintenance CapEx driven, combined with a variable cost structure, the Company has experienced reduced cyclicality and more stable earnings. The grade is based solely on the historical profitability of the Company.

Management & Board



CEO Arild Apelthun has long experience in both the oil and industrial process industry, with previous engagements including ABB and Aker Solutions. Management possess the right expertise, but inside ownership is not considerable, amounting to 0.5% of SO, where the CEO and Chairman of the board owns less than their annual pay.

Risk Profile



The Company's low debt and substantial covenant headroom ensure financial stability. However, Beerenberg do operate in the oil and gas industry, which sometimes show unpredictable commodity price changes with adverse effects on the Company. High customer concentration is a potential risk, but also inevitable on the NCS with Equinor being responsible for 70% of oil & and gas production on the shelf.

Investment Thesis

2014-2022
Eight Years of Famine

2022-2030
Eight Years of Feast

Record High Activity in NCS Enables Growth

The oil and gas industry on the Norwegian Continental Shelf (NCS) is seeing record-high activity with investments reaching NOK 225bn in 2023. This surpasses the last boom in 2014 at NOK 200bn, following years of underinvestment's and sanctions on Russian exports after the war in Ukraine, which underpinned the importance of European energy security. Over the last three and a half years, the Norwegian government has greenlighted 35 new development projects on the NCS, a record number, to maintain production. Additionally, both exploration and proliferation of fields are seeing near-record activity. Seeing as Beerenberg's services mainly relate to companies OpEx and maintenance CapEx, the extension of facilities' lifetimes is what is most important for the Company in the short to medium term as this will require Beerenberg's services to maintain the field's operational integrity. To highlight this, Equinor, accounting for approx. 55% of Beerenberg's revenue, has announced that they will be extending the lifetime of more than 20 of its installations until 2031, out of a total 92 fields in production on the NCS. As a result of operators ambition to prolong the lifetime of sites, the ISS market on the NCS is expected to grow at a 10% CAGR until 2026 to NOK ~10bn, which Beerenberg is estimated to capitalize on since the Company currently has a ~26% market share for ISS services on the NCS, with only three other main competitors.

Q1-24 Order Intake Increases Order Backlog by 41%

Strong Partnerships Stemming From 45 Years of Experience

With the Company's over 45 years long history as a trusted service provider, in an industry with no new entrants in the last 15 years and field operators that premiers experience, Beerenberg is well positioned to ride the market tailwind in the coming decade. Order intake in Q1-24 amounted to NOK 3.9bn, increasing the total order backlog from 2023 by 41%, with an expected continued high tender activity going forward. Analyst Group estimates that Beerenberg's long-standing relationship, with the biggest field operators on the NCS, will continue to yield new contracts given the current market tailwinds and the Company's experience in a market oligopoly, leading to an estimated NOK 1.9-2bn in net sales for the MMO segment alone during 2025-2029. Beerenberg's biggest customer Equinor plans to invest over NOK 500bn until 2027 and Aker BP, the second-biggest customer, will invest NOK 150bn in the NCS over the next 5-6 years. This is equivalent to a 50% increase in CapEx, per year, compared to the last 6 years. Given these factors Analyst Group estimates that Beerenberg will show a revenue CAGR of 5% until the year 2029, reaching net sales of NOK 2.6-3bn, which is approximately 40% over the last 6 years revenues combined.

Financial Expenses are Set to Decrease by More Than NOK 50m in 2024

Bond Maturity in 2023 is Set to More than Half Financial Expenses

In 2020 Beerenberg issued 750m callable bonds, each with a nominal amount of NOK 1, with an interest rate of 8.99% + the NIBOR reference rate. In 2020 the NIBOR was ~0.3% and in 2023, when Beerenberg was listed, the NIBOR was at ~4.5% meaning the interest rate for the year was ~13.5%. At an interest rate of 13.5% on the 625m remaining bonds, after 125m had been previously repaid, financial expenses for the year were NOK 88m or 3x 2023 EBT at NOK 29m. Since the bonds matured in 2023 Beerenberg refinanced with 3 new loans, each of NOK 200m, to repay. Going into 2024 Beerenberg only have approx. NOK 450m worth of loans left with an equally weighted interest rate of 8.75% (NIBOR+margin). This means that financial expenses are set to decrease by more than half to NOK 36m and thus increase income by NOK 40m after tax. Additionally, anticipated rate cuts by the Norwegian central bank would lower the NIBOR reference rate and thus Beerenberg's financial expenses.

Cash Generation and Capital Light Business Model Support Attractive Dividend Yield

With Beerenberg's high cash conversion rate and limited CapEx, combined with record net sales, the Company is expected to show an attractive FCFF yield of 11.2% in 2024. Additionally, the Company's commitment is to fully distribute available cash flow in the form of dividends. Since NOK 40m will be used to pay down debt and NOK 36m to cover financial expenses a dividend yield of 3.6% is estimated.

Dependent on a Concentrated Customer Base

Customer Concentration and Labour Constraints

Seeing as ~55% of revenue is derived from a single customer, Equinor, it is a significant risk if the Company were to lose them. However, Equinor is the largest oil and gas producer on the NCS, responsible for 70% of total production and Beerenberg has contracts running until 2031 at different installations, decreasing the risk. An obstacle is that of labour constraints, with the ongoing surge in the oil and gas industry on the NCS, labour supply is seeing constraints that could hinder the Company's ability to finish contracts in time and/or hurt margins as wages go up.

Company Description

47 Years of Industry Experience

Founded in 1977, Beerenberg has been a service provider for the oil and gas industry for 47 years. Beerenberg mainly operate within insulation, scaffolding, and surface treatment services on the NCS, responsible for ~90% of revenue, while also being a a global supplier of insulation products. The Company's offerings cover the entire oil and gas value chain, from upstream production to midstream transportation and downstream refinement. Beerenberg's headquarter is situated in Bergen with additional offices in Stavanger, Poland, South Korea, the UK, Singapore, Brazil, and Thailand.

Segments and Business Model

The Company operates within two main segments:

Long Contracts With Index Clauses

Services (93% of total revenue): The services segment has 4 main operating activities, all related to ISS. Beerenbergs biggest service is maintenance, modifications, and operations ("MMO") which accounts for ~80% of total revenue. MMO is a stable, OpEx-driven business with long contracts visible in the order backlog. Contract lengths vary, with key framework agreements extending to 2030, and the longest agreements lasting until 2036. The Company's second biggest service is newbuild and modification projects (NBM) accounts for approx. ~7% of total revenue. NBM relates to larger CapEx-driven projects such as facility upgrades and hook-ups, but also the decommissioning of old platforms. The third service is industry, responsible for approx. ~3% of total revenue, which consists of work for non-oil and gas customers such as in infrastructure and the chemical industry. The last main service is Robotics, contributing ~3% of total revenue. The Robotics services rent out magnetic remote-controlled robots for surface treatment work in off-shore splash zones. All but the Robotics services are labour-intensive, with long contracts that have index clauses mitigating inflation impacts. Contracts and services are recognized as income based on hours worked with an hourly rate or as a fixed price per unit worked, such as a square meter of surface treatment done. Historically, the EBITDA margin of MMO, NBM and Industry has averaged between 8-10% while ~30% within Robotics.

Benarx (7% of total revenue): The Benarx segment relates to the selling of high-end onshore and subsea insulation products and contributes approx. 7% of total revenue. Benarx includes a variety of proprietary products sold globally for applications such as passive fire protection, thermal and acoustic insulation. Beerenberg successfully introduced Aerogel to the NCS in 2008 which has since become the preferred insulation product for thermal and fire protection applications in the oil and gas industry. Product sales are either direct to customer or sold through the services segment when installed in a project. EBITDA margin in 2023 for Benarx was 0% but has shown historical volatility, as seen in 2021 with an EBITDA margin of approx. 13%, due to operational leverage and unstable sales.

Cost Drivers

As most of the revenue comes from labour-intensive service work, so do the costs. Personnel cost makes up approx. 70% of total revenue, and due to a flexible employee base, the personnel costs adapt to the volatile business activity level, leading to more stable margins, but also low operating leverage. COGS stems from the Benarx segment's sales of insulation products. The insulation products are produced in Thailand and Poland with high operational leverage as Benarx has an estimated 22% gross margin, but with historical sales of NOK 150-300m and overhead costs of NOK 40m, EBITDA contribution is volatile.

Example of the Flexibility of Personnel

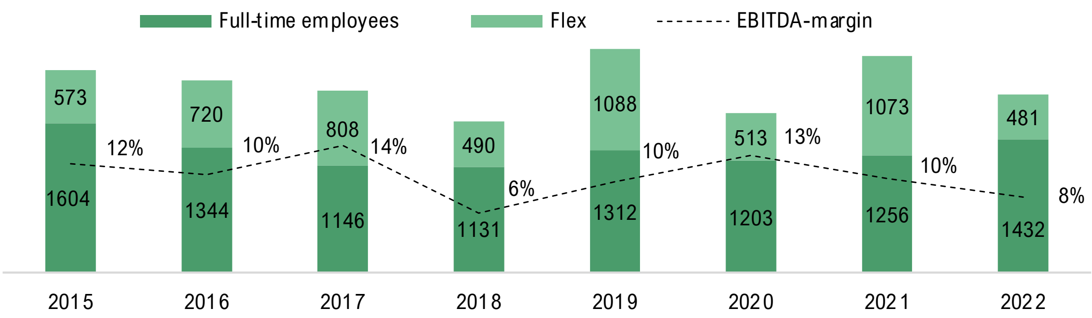
Month 1: 200 Flex

Month 2: 500 Flex

Month 3: 1 200 Flex

Usage of Flex Personnel Manages Peaks and Lows in Business Activity

Flex and Full-time Employees per Year



Source: The Company

Market Analysis

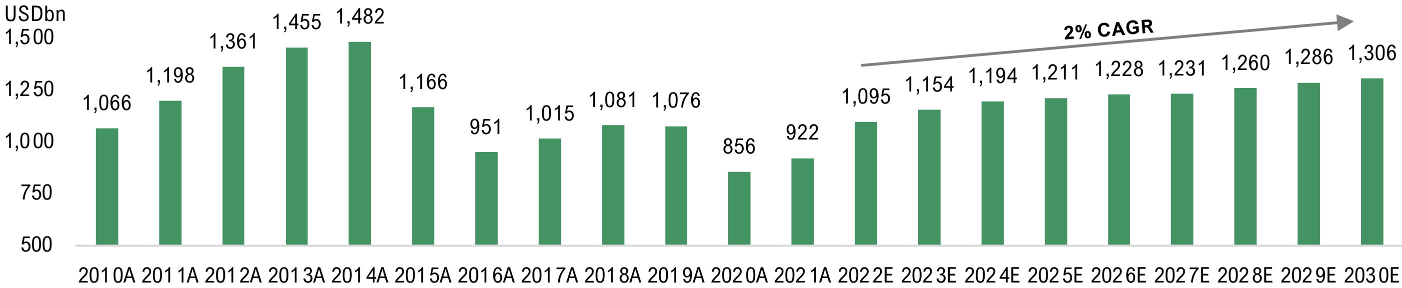
Investments in Gas and Oil Poised for an Upswing

2% CAGR
Global Oil and Gas Expenditure

Globally, expenditure in the oil and gas market is expected to grow at a 2% CAGR from USD 1,100 bn in 2022 to USD 1,300 bn in 2030. This stands in stark contrast to the drop in expenditure after 2014 at USD 1,400 bn to only USD 900 bn in 2021, thus the cyclical oil and gas industry is estimated for a new upswing.

Global Oil & Gas Market Expenditure Expected to Grow Steadily.

Total annual expenditure by the oil and gas industry, actual and forecasted



Source: Rystad Energy research and analysis; Rystad Energy UCube

The NCS Leads the Way as New Focus on European Energy Security Catalyses Oil and Gas Investments

NOK 225bn
of Investments on the NCS in 2023

Before the war in Ukraine, Russia and Norway were the European Union's biggest oil and gas suppliers, where 41% of gas and 26% of oil imported by Europe came from Russia. Respectively, Norwegian imports amounted to 16% for gas and 7% for oil. Since the war began, the EU has aimed to become energy-independent from Russia, resulting in a significant supply gap that needs to be filled. Furthermore, investments in the NCS have been low since the last oil and gas cycle peak in 2014, just like in the rest of the world. However, the market in Norway has seen investments of NOK 225bn in 2023, which is higher than the last peak set in 2014, at NOK 200bn. Additionally, 35 new projects have been greenlighted in the past 3 years by the Norwegian government, which will boost newbuilding of riggs.

In a 2022 resource report by the Norwegian Offshore Directorate, the situation and needs of the NCS are summarised:

> "Limiting the expected decline in output will be important for maintaining production on the NCS at a high level, contributing large assets to society and providing stable, **long-term and secure oil and gas deliveries to Europe**. This can be achieved by **improving recovery from existing fields**, developing commercial discoveries and continuing active exploration of prospective acreage in both mature and frontier regions. Large resources remain in fields on stream, with a substantial potential for improved recovery which can help to counteract the decline. **That calls for investing more than the present level** in improving recovery, maturing discoveries already made for development, and keeping down unit costs."

Though both the EU and Norway have ambitious climate goals and aims to move away from hydrocarbons, the reality is that Europe will be needing oil and gas imports for a long time to come, where Norway is a front-runner. This has also been acknowledged by both Norway and the EU in 2022, where they in a meeting recognized that "The EU supports Norway's continued exploration and investments to bring oil and gas to the European market" and that Norway "[…] continue to be a large supplier to Europe also in the longer term beyond 2030." For companies on the NCS, this is estimated to increase OpEx and CapEx to both keep up production and facilities in accordance with strict regulations.

As a result, Analyst Group estimates there will be both a long-term need for services on the NCS and a short-term surge that Beerenberg is estimated to capitalize on.

Beerenbergs Market Niche Estimated to Grow at a 10% CAGR until 2026

Beerenbergs market niche, insulation, scaffolding, and surface treatment work (ISS) has an expected 10% CAGR until 2026 to NOK 10bn. The ISS market itself can be divided into the following core markets, each with a different expected growth rate, which proportionally combined makes up the total ISS market:

ISS Market Expected to Grow at a 10% CAGR

- **Maintenance, Modifications and Operations:** 4% CAGR
- **Newbuild projects:** 14% CAGR
- **Modification projects:** 22% CAGR
- **Product sales:** 10% CAGR

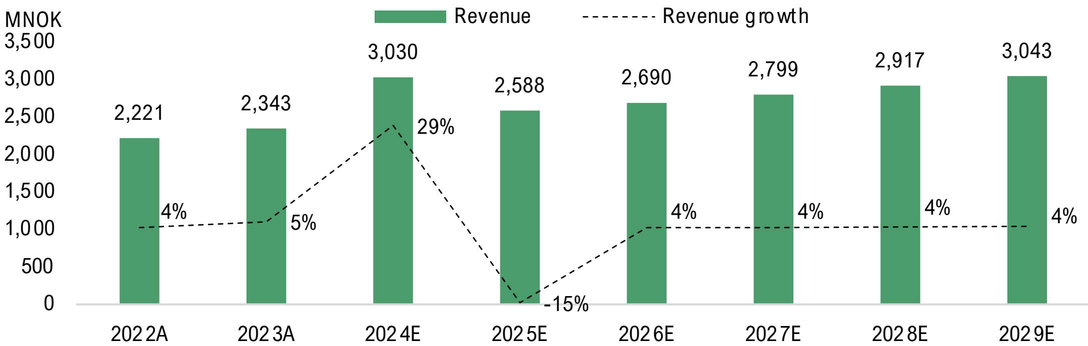
Financial Forecast

Revenue Forecast 2024-2029

With the upswing in the oil and gas industry on the NCS and Beerenbergs high tender activity with a record order backlog for 2024, revenue going forward is forecasted to increase. Analyst Group estimate revenue of NOK 3bn in 2024 as a result of the NOK 2.4bn order backlog going into the year which historically accounts for 80% of total revenue. Looking forward, to 2025, current order backlog is estimated to come in at NOK 1.9bn and thereafter NOK 1.0bn from 2026-2029. Seeing as tender activity is high with more order intake expected already in H2-24, Analyst Group estimate the moderate order backlog from 2026-2029 to increase to NOK 2bn. The backlog in 2025 is not estimated to increase due to the short time-frame. Beerenberg's second-largest service, NBM, which currently accounts for approximately 7% of the Company's total revenue, is projected to grow at a 10% CAGR. The industry segment, currently accounting for 3% of total revenue, has 5-year contracts supporting at least NOK 80m p.a going forward. Robotics, which did NOK 60m in revenue in 2023 is showing significant growth with a new contract being NOK 90m in 2024 alone. The Company is increasing CapEx to buy additional robots to keep up with demand, why Analyst Group estimates a 15% CAGR. The product segment, Benarx, with a market CAGR of 10% has seen moderate sales growth in the last years. However, tender activity is significant, and new contract wins has continued in Q2-24 with order intake amounting to NOK 0.5bn. Analyst Group estimate product sales to pick up seeing as there are 35 new greenlighted projects on the NCS to boost sales and therefore justify an 8% CAGR reaching NOK 382m in 2029. Beerenberg's total revenue in 2024 is estimated to reach NOK 3bn, with revenue contributions from each segment being: 79% from MMO, 6% from NBM, 3% from Industry, 3% from Robotics, and 9% from Benarx. In 2025, total revenue is estimated to reach NOK 2.6bn since the estimated backlog is lower. From 2026 onward, the Company is estimated to grow steadily at a 4% CAGR to NOK 3bn for the full year of 2029.

Record Revenues in 2024 and 4% CAGR Growth from 2025-2029

Forecasted annual revenue growth



Source: Analyst Group forecast

Costs

The service segment utilizes flex personnel to manage peaks and lows in activity, making total personnel cost constitute between 67-70% of total revenue. COGS is related to Benarx and makes up approx. 78% of the segment's revenue. Other operating costs are semi-variable, with some operating leverage, but not directly tied to revenue. Instead, they are related to business activity, which is currently at high levels. However, the Company's focus on a lean and efficient administration minimize overhead costs, why Analyst Group estimate it to be stable and grow 2% annually from the elevated levels seen in 2023. As a result, Analyst Group estimate total EBITDA margin for the period to fluctuate between 8-10%, which is in line with historical figures.

D&A for the period is not expected to increase materially as Beerenberg's capital light main business, the services segment does not require significant CapEx for growth. However, the robotics service is an outlier and since the Company intends to invest in more robots to keep up with demand, this will require a one-off estimated NOK 10m in additional CapEx for 2024. The estimated 5 year useful life of the robots makes depreciation unsubstantial and normalized cash conversion for Beerenberg is estimated to remain high at 70% of EBIT for the period. Furthermore, due to the expected higher activity going forward, additional equipment will be needed, but this does not have any significant effect on depreciation due to the long lifetime of the assets. The increased expenditure lowers cash conversion in 2024, but is then adjusted for in 2025. The estimated higher revenue and EBITDA margin reaching 8-10%, with no significant increase in D&A, EBIT margins are expected to rise since D&A as a percentage of EBITDA is lower. Consequently, the EBIT margin during the period is estimated to fluctuate between 5.8-8.2%, reaching 8.2% in 2024 compared to 4.9% in 2023.

The refinancing of the bonds is estimated to reduce interest cost by 59%, to NOK 36m. As a result, a profit margin of 5.5% is estimated for 2024, compared to 0.5% in 2023.

Valuation

Peer Group Valuation

Median 2024E EV/EBIT of 7x

The competitive landscape for ISS services on the NCS is composed of 3 actors (Bilfinger, Kaefer, and Altrad), excluding Beerenberg. Out of the 3, only Bilfinger is a listed company. A broader peer group is therefore composed of companies outside the ISS market but still in the European oil and gas industry.

Peers	MCAP	EV	Revenue Growth	EBIT-margin	EV/EBIT	EV/EBIT
Company name	**MNOK**	**MNOK**	**2023A-2026E**	**LTM**	**2023A**	**2024E**
Bilfinger	21,874	20,868	5.1%	4.4%	5.4	7.0
SBM Offshore	31,282	145,833	-5.4%	24.8%	11.3	24.3
Reach Subsea	2,315	2,208	9.9%	16.0%	3.3	5.8
Archer	1,787	5,642	2.8%	6.9%	7.8	6.1
Borr Drilling	17,772	35,481	12.0%	41.4%	13.9	8.3
Average	**15,006**	**42,006**	**4.9%**	**18.7%**	**8.3**	**10.3**
Median	**17,772**	**20,868**	**5.1%**	**16.0%**	**7.8**	**7.0**
Beerenberg	997	1,415	3.5%	6.3%	6.4x	5.7x

Source: Analyst Group, Bloomberg

Base Scenario

Base Scenario NOK 43.5

An EV/EBIT multiple is used to capture different capital structures and allow the EBIT margin expansion to be accounted for. Due to the peer groups larger EVs, faster growth, and historical premiums, a 10% discount is applied to the 2024 median EV/EBIT of 7.0x, leading to a target multiple of 6.3x EV/EBIT, which is in line with historical measures. Through a 6.3x EV/EBIT target multiple on Beerenbergs 2024 EBIT of NOK 247m, a potential share price of NOK 47.3 is derived in a Base scenario.

To substantiate the Peer-valuation a complementary Discounted Cash Flow analysis is used. The DCF analysis consists of the present value of FCFF for the forecasted period 2024-2029 and a terminal value in 2029, derived from a TGR of 2% and a WACC of 11.9%. Terminal growth is set after the 5 year explicitly forecasted period since market investments are estimated to mean-revert to 2% after 2029. Analyst Group estimate EBIT margin for the forecasted period to expand from 4.9% in 2023 to 7.7% in 2029. Additionally, CapEx is expected to increase slightly to invest in equipment to handle higher activity as well as investments in more robots for the Robotics service. However, in 2023, amortization of the intangible asset "customer relations" made it reach a book value of 0, which is why D&A is estimated to remain at historical levels despite slightly higher CapEx in 2024. Furthermore, Analyst Group estimates NWC change in 2024 to increase because of record activity, where cash outflow for employee salaries increases over cash inflows from invoiced clients, which then adjusts in 2025. Utilizing the DCF, an intrinsic equity value per share of NOK 39.7 is derived.

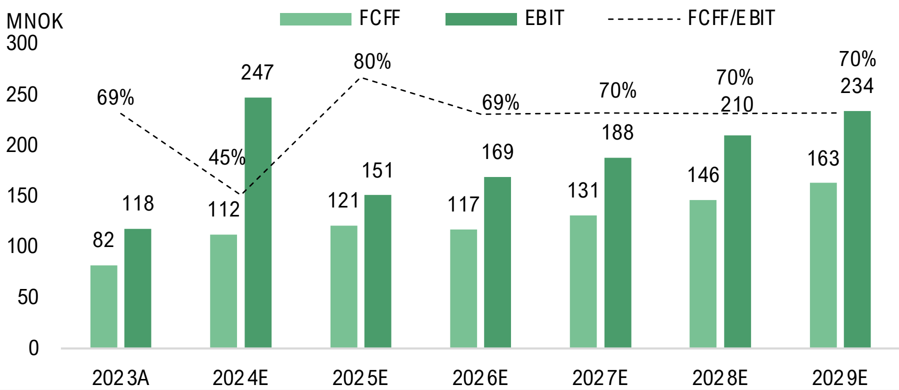
DCF summary	
WACC	11.9%
TGR	2%
Sum PV of FCFF	536,780
PV terminal value	856,960
EV	1,393,740
Net debt(-)	418,000
MCAP	975,740
Equity Value/Share	39.7

The Peer valuation is set on the estimated 2024 record year, resulting in a slightly higher valuation and through an equally weighted Peer- and DCF valuation, a potential share price of NOK 43.5 is motivated in a Base scenario.

Increased NWC and CapEx because of record high activity in 2024 lowers FCFF conversion, but is adjusted in 2025

Forecasted FCFF, FCFF conversion rate, and sensitivity analysis for DCF

WACC \ Perpetual Growth Rate	0.0%	1.0%	**2.0%**	3.0%	4.0%
9.9%	45.0	49.8	55.6	63.3	73.4
10.9%	39.0	42.7	47.2	52.8	60.1
11.9%	34.1	37.0	**40.5**	44.8	50.2
12.9%	29.9	32.2	35.0	38.4	42.5
13.9%	26.3	28.2	30.5	33.2	36.4



Source: Analyst Group

Bull & Bear

Bull Scenario
NOK 50.7

Bear Scenario
NOK 14.7

Bull Scenario

The following value drivers are observed in a Bull scenario:

- MMO services reach NOK 2.1bn in revenue from 2025 to 2029 by winning more tenders than anticipated, 2024 stands the same at NOK 2.4bn.
- Beerenberg capitalizes on the new green-lighted projects on the NCS, leading to NBM services growing at the market CAGR of 14% until 2026, followed by a 10% CAGR until 2029.
- Robotics continues with its record growth at a 20% CAGR until 2029.
- Product sales from Benarx grow 2% faster p.a, reaching a 10% CAGR until 2029.

Through a Discounted Cash Flow analysis, a potential equity value per share of NOK 50.7 is derived.

Bear Scenario

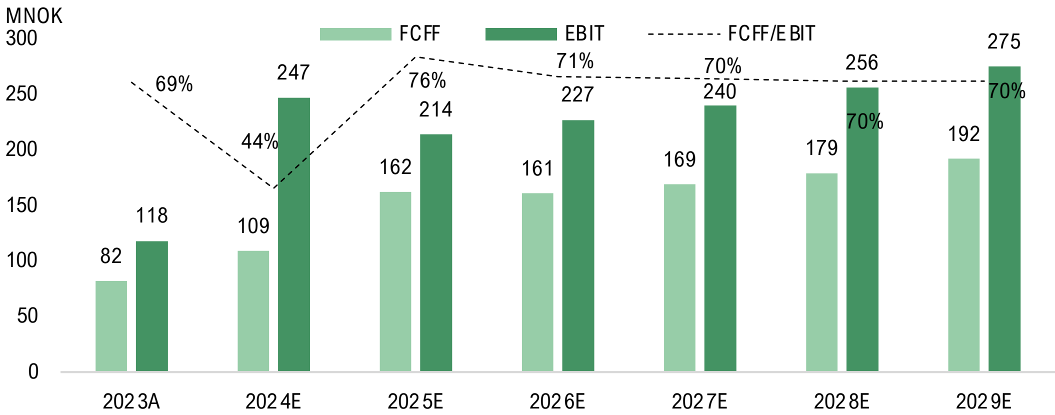
The following factors are accounted for in a Bear scenario:

- MMO services after 2025 only reach NOK 1.4bn in revenue p.a until 2029 after only winning NOK 400m in additional contracts p.a for the period.
- NBM fails to win contracts despite the building surge and thus only grows 5% annually.
- The Robotics services market becomes saturated following new competition and only grows at 7% p.a until 2029.
- Product sales from Benarx experience low interest and growth is slow at 4% p.a until 2029.

Through a Discounted Cash Flow analysis, a potential equity value per share of NOK 14.7 is derived.

Bull Scenario

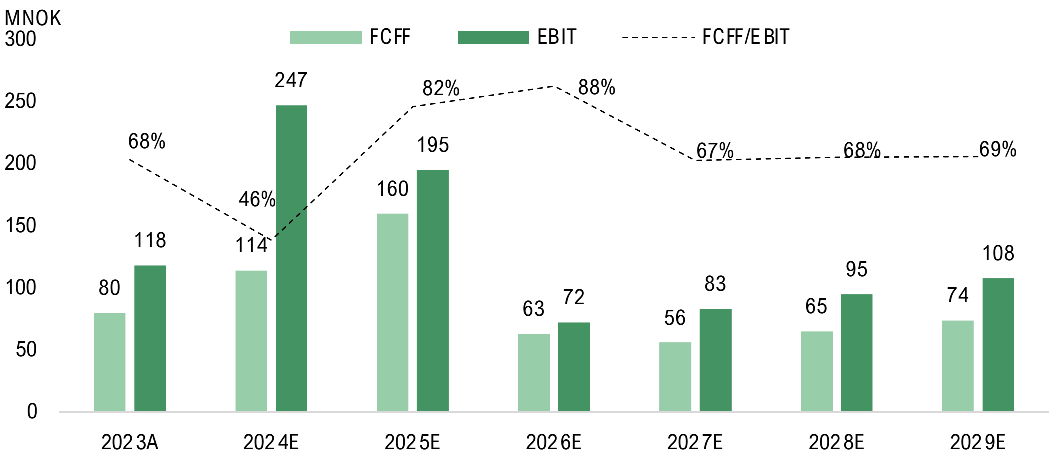
Forecasted EBIT and FCFF in a Bull scenario



Source: Analyst Group forecast

Bear Scenario

Forecasted EBIT and FCFF in a Bear scenario



Source: Analyst Group forecast

Takeover Bid

NOK 40.5
Offer Price

Cash Offer by Largest Shareholder

On the 21 of august, 2024, following the Q2-24 release, major shareholder "Altrad Investment Authority S.A.S", a wholly owned subsidiary of the Altrad Group, announced an offer of all shares outstanding at price per share of NOK 40.5. The offer values Beerenberg to a MCAP of NOK 1,019m. The board of Beerenberg has unanimously recommended shareholders to accept the bid.

Altrad acquired its 24.7% stake in the Company on the 15 of July, 2024, after previous owners Segulah and Alpinvest executed a block sale of their total investment at a share price of NOK 27. The block sale is said to have been due to Segulahs fund reaching maturity and therefore needing to exit all positions as to return capital to shareholders.

Seeing as Altrad's bid price of NOK 40.5 closely aligns with Analyst Group's target price of NOK 43.5, the offer is deemed fair to shareholders. Furthermore, both CEO and CFO have recommended shareholders to accept the bid and second largest owner Camar AS have stated they will accept, making a full-takeover by Altrad likely.

Appendix

Base scenario (MNOK)	2023A	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	2,343	3,030	2,588	2,690	2,799	2,917	3,043
COGS	-218	-202	-219	-236	-255	-275	-297
Gross profit	2,124	2,827	2,369	2,453	2,544	2,641	2,745
Gross margin	90.6%	93.3%	91.5%	91.2%	90.9%	90.5%	90.2%
Personnel costs	-1,574	-2,151	-1,776	-1,835	-1,898	-1,965	-2,037
Other operating costs	-359	-367	-374	-381	-389	-397	-405
EBITDA	190	309	217	236	256	278	303
EBITDA margin	8.1%	10.2%	8.4%	8.8%	9.2%	9.6%	10.0%
D&A	-72	-61	-66	-67	-68	-68	-69
EBIT	118	247	151	168	188	209	233
EBIT margin	4.9%	8.2%	5.8%	6.3%	6.7%	7.2%	7.7%
Financial expenses,net	-88	-36	-32	-28	-25	-21	-20
EBT	29	211	118	140	163	187	213
Tax	-12	-46	-26	-30	-35	-41	-46
Profit/loss	17	165	92	109	127	146	166
Profit margin	0.5%	5.5%	3.6%	4.1%	4.5%	5.0%	5.5%

Bull scenario (MNOK)	2023A	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	2,343	3,030	2,806	2,892	2,980	3,079	3,190
COGS	-218	-202	-223	-245	-269	-296	-326
Gross profit	2,124	2,827	2,582	2,646	2,710	2,782	2,864
Gross margin	90.6%	93.3%	92.0%	91.5%	90.9%	90.4%	89.8%
Personnel costs	-1,574	-2,151	-1,927	-1,970	-2,012	-2,059	-2,113
Other operating costs	-359	-367	-374	-381	-389	-397	-405
EBITDA	190	309	280	294	308	324	345
EBITDA margin	8.1%	10.2%	10.0%	10.2%	10.3%	10.6%	10.8%
D&A	-72	-61	-66	-67	-68	-68	-69
EBIT	118	247	213	227	240	256	275
EBIT margin	4.9%	8.2%	7.6%	7.8%	8.1%	8.3%	8.6%
Financial expenses,net	-88	-36	-32	-28	-25	-21	-20
EBT	29	211	181	198	214	234	255
Tax	-12	-46	-39	-43	-47	-51	-56
Profit/loss	17	165	141	154	167	182	198
Profit margin	0.5%	5.5%	5.0%	5.4%	5.6%	5.9%	6.2%

Bear scenario (MNOK)	2023A	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	2,343	3,030	2,560	2,092	2,126	2,162	2,199
COGS	-218	-202	-210	-219	-228	-237	-246
Gross profit	2,124	2,827	2,349	1,873	1,898	1,925	1,953
Gross margin	90.6%	93.3%	91.8%	89.5%	89.3%	89.0%	88.8%
Personnel costs	-1,574	-2,151	-1,765	-1,427	-1,446	-1,466	-1,486
Other operating costs	-359	-367	-359	-341	-324	-308	-292
EBITDA	190	309	225	104	127	150	173
EBITDA margin	8.1%	10.2%	8.8%	5.0%	6.0%	7.0%	7.9%
D&A	-72	-61	-66	-67	-68	-68	-69
EBIT	118	247	158	36	59	81	103
EBIT margin	4.9%	8.2%	6.2%	1.8%	2.8%	3.8%	4.7%
Financial expenses,net	-88	-36	-32	-28	-25	-21	-20
EBT	29	211	125	8	34	60	83
Tax	-12	-46	-27	-2	-7	-13	-18
Profit/loss	17	165	97	6	26	47	64
Profit margin	0.5%	5.5%	3.8%	0.3%	1.3%	2.2%	3.0%

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Other
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The parts that the Company has been able to influence are the parts that are purely factual and objective.

The analyst does not own shares in the Company.