

Norisol had the best year ever and prepares for sale

2016 was the year, where a comprehensive turnaround-plan has proven to yield results. Despite a lower turnover the profit has been turned from a deficit to a double-digit million surplus.

In 2016, The Norisol Group achieved a turnover of 866 , which is lower than last year. However, the group achieved a higher profit before tax of 18.9 mill. DKK compared to -1.7 mill. DKK in 2015.

The decreased activity level is, partly, due to the market situation in Norway as well as to a strategic choice not to contract onshore fixed price projects with shipyards within the oil/gas segment with significant risks. Norisol Denmark has experienced an increased level of activity, and the profit has improved accordingly. Here, we see a promising order book and, especially, an increase in activities within the “Construction” market segment.

This is a result of the turnaround-plan implemented by Group CEO Carsten Hoeck.

“Norisol faces a sound future based on profitability and competitiveness. We have become significantly better at optimising projects, so that they are performed in a way that creates value for both the customers and ourselves. The improvement is due to a focused effort to restore a sound financial position. Profitability has already increased, our risk profile is sound, and the quality of our order portfolio has increased significantly. In Norisol, we believe that involving customers, partners and suppliers will lead to a profitable business. Profitability comes before sales growth. “ Says Group CEO Carsten Hoeck.

Risk Management Model

In 2016, Norisol introduced, and partly implemented, a new Risk Management Model. The board is supervising that the risk management and control systems are functioning correctly. This task has been delegated to the Executive Board, which is providing regular feedback to the board on both issues.

The Risk Management Model makes it possible to improve processes, perform risk assessments and prevent losses/risks.

Focus on Cash flow and NWC

Norisol has been focusing a lot on improving liquidity within the group. All project managers have participated in a Cash flow campaign in 2016. This has produced visible results and has improved the free cash flow in operations significantly by 42.2 mio. DKK.

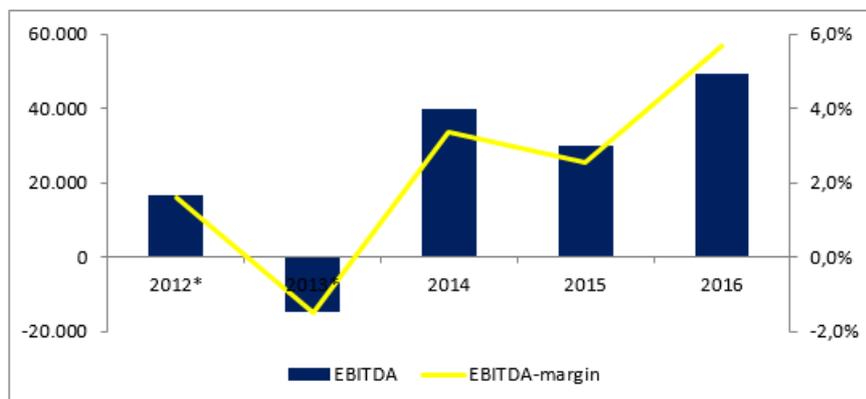
At the same time, the group has achieved a substantial improved net working capital (NWC) by means of a reduction of the tied-up capital.

The Result of 2016

The turnaround-plan and the improvement of our professional platform shows visible results in 2016. For this reason, we consider the activities satisfactory.

Norisol has achieved significant improvements in relation to risk management, profitability and customer focus, and we are expecting further improvements within these areas. We have thus achieved good results in terms of sales, margins, and cash flows, each of which have exceeded the expectations of the beginning of the year.

In 2016, we had a revenue of 866 mio. DKK and the EBITDA was 49.3 mio. DKK, which corresponds to a margin of 5.7 %.



Financial ambitions towards 2020

During the duration of the strategy period 2017-2020, it is Norisol's ambition to keep the revenue at the current level based on the shift of focus from volume to risk reduction and profitability. Simultaneously, we will be focusing on increasing the EBITDA margin further.

A good result preparing us for sale

Dansk Erhvervsinvestering, Maj Invest and Mogens de Linde bought Norisol in 2003 and have for some time been open for a sale of Norisol. We have now initiated the actual preparations for such a sales process. And we expect that already in a few months a potential buyer will be on the field.

"We are excited to start this process at such a good foundation, which we have now - both in terms of human resources in the organization and our excellent financial results. And I am sure that a new buyer will appreciate this forward." Says Chairman Peter Lindegaard.

About Norisol

Norisol is a leading Service and Construction Company who creates high value for its customers in the sectors: Energy, Shipping, Industry and Construction, through sustainable competitive total solutions that reduce the global warming. We work offshore and onshore in the oil and gas industry, shipyards, refineries and power plants. Furthermore, the Pharmaceutical Industry, Food Industry and Construction Industry. Norisol has reached an annual revenue of app. 1.2 billion DKK and the total employees are app. 1500.

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Key Figures

DKK'000	2016	2015	2014	2013*	2012*
Hovedtal					
Key figures					
Nettoomsætning <i>Revenue</i>	866.254	1.174.165	1.191.926	983.136	1.047.512
Resultat af primær drift <i>Operating profit/loss</i>	23.588	3.802	14.372	-38.357	-4.134
Resultat før skat <i>Profit/loss before tax</i>	18.864	-1.745	10.777	-40.695	-7.837
Årets resultat <i>Profit/loss for the year</i>	4.725	-10.566	11.609	-36.617	-7.297
Aktiver i alt (balancesum)					
<i>Total assets</i>	306.295	377.997	392.115	362.183	387.008
Egenkapital					
<i>Equity</i>	65.148	59.977	71.232	76.254	116.931
Pengestrøm fra driftsaktiviteten					
<i>Cash flows from operating activities</i>	42.223	40.218	28.630	13.529	4.722
Pengestrømme fra investeringsaktiviteten <i>Net cash flows from investing activities</i>	-3.737	-7.863	-8.442	-5.791	-29.843
Pengestrømme fra finansieringsaktiviteten <i>Cash flows from financing activities</i>	-5.471	-400	-13.942	-231	5.106
Pengestrømme i alt <i>Total cash flows</i>	33.015	31.955	6.246	7.507	-20.015
Nøgletal					
Financial ratios					
Soliditetsgrad <i>Solvency ratio</i>	21,3 %	15,9 %	18,2 %	21,1 %	30,2 %
Egenkapitalforrentning <i>Return on equity</i>	7,6 %	-16,1 %	15,7 %	-37,9 %	-6,1 %
Overskudsgrad <i>Profit margin</i>	2,7 %	0,3 %	1,2 %	-3,9 %	-0,4 %
Gennemsnitligt antal fuldtids-beskæftigede					
<i>Average number of full-time employees</i>	815	957	979	995	955

*Key figures and financial ratios for 2012 and 2013 have not been restated to reflect the error regarding assets held under finance leases, which is described in the "Accounting policies" section in the 2015 annual report.

The financial ratios have been prepared in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.