

A photograph of five workers in orange safety gear and hard hats standing on an oil rig platform. They are silhouetted against a bright sunset sky. In the background, the complex metal structure of the rig is visible, including a derrick and various pipes. A large, semi-transparent yellow arc is overlaid on the image, framing the workers and the rig.

# RelyOn Nutec

360° Safety

Interim financial report  
First nine months 2019

# Content

## Management review

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Highlights	3
Key figures	4

## Financials

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Income statement	6
Statement of comprehensive income	6
Balance sheet	7
Statement of change in equity	8
Cash flow statement	9

## Notes

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Note 1 - Transition to IFRS 16 leases	11
Note 2 - Extract of income statement, pro forma	12
Note 3 - Group overview	13
Note 4 - Basis of preparation	14

## Additional information

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Statement by the Executive Board	16
Company information	17

[www.relyonnutec.com](http://www.relyonnutec.com)

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# Highlights in Q3 2019

In Q3 we continued our performance improvement.

Revenue for the first 9 months was DKK 659 million, which is an increase of 13 pct. compared to the proforma accounts for the same period last year.

EBITDA (before special items) was DKK 121 million for the first 9 months, which is an improvement of 24 pct. excluding impact from IFRS16 adaptation.

Building a solid digital service platform is an essential element of our transformation and future expansion. In Q3 we took 3 important steps on our digital journey.

1) We launched our new integrated website and sales engine. The new platform will make it easier for customers to find and book courses at our 34 training centres. It will also facilitate sale of our increasing online learning catalogue and it will enable further digitalisation of services.

2) We acquired Oiltec Solutions, a Stavanger based company active within advanced simulation technology. Over the past decades Oiltec has developed a cutting edge Drilling and Well simulation platform, as well as on- and offshore crane simulator capabilities. These services will be rolled out in select training centres across our footprint and Oiltec will form the basis of our future development within training simulation technology.

3) We acquired Cresent (Red Oak Ltd.) based in Aberdeen. The company has a 37 years history within Control of Work, digital safety training and safety consultancy and is

currently being rebranded to RelyOn Nutec Digital. Building on this platform, we plan to build a globally accessible digital safety training offering, which enables us to deliver both the very important traditional hands-on training and the digital knowledge-based learning all from the same reliable source, supported by our global teams across the world.

The two acquisitions are initially acquired at a top-co holding company level supported by a bridge facility, initially also supporting other acquisitions.

Subsequently the companies will be acquired by RelyOn Nutec Holding A/S. The bridge financing is planned to be replaced with a bond tap issue and equity from shareholders before year end 2019.

## Outlook

We have a leading international position that we believe can be leveraged further by driving commercial excellence, service expansion and alignment across the globe.

Although the oil and gas market continues to be fragile, we see stabilization and early signs of a recovery. In both offshore wind and the maritime sectors we see significant long term growth.

There are still a number of interesting acquisition opportunities that we continue to pursue.

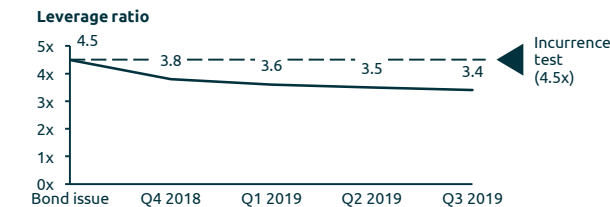
## Operation

Revenue and EBITDA for Q3 amounts to DKK 205 million and DKK 35 million respectively.

BidCo RelyOn Nutec A/S was established on 30 March 2018, and acquired RelyOn Nutec on 20 September 2018, and due to this only limited comparable figures are available. However, we have in note 1 prepared pro-forma adjusted comparables for the same periods last year. The comparables have been prepared in accordance with the international accounting standards at that time, i.e. before adoption of IFRS 16.

## Leverage

In Q3 our leverage ratio (NIBD / LTM EBITDA (excl NCIs)) decreased for the fourth consecutive quarter to 3.4.



## Cash flow

The cash flow for 2019 continues to be impacted by cost related to listing of the bond and high level of investment in equipment and settlement of shares. In Q3 cash flow from operating activities was DKK 7 million (9M 2019 DKK 36 million). Investing activities amounted to DKK 11 million (9M 2019 DKK 62million).

Cashflow from financing activities was DKK -8 million (9M 2019 -10 million), and the net cash flow for the quarter was DKK -12 million (9M 2019 -37).

## Preparation

The interim report for Q3 has been prepared on the basis of IFRS as adopted by the EU. The annual report for 2018 was the first annual report prepared in accordance with IFRS (first time adoption).

IFRS 16 was adopted with effect from 1 January 2019. Right of use assets accounts for DKK 235 million after provision for onerous contracts, and the right-of-use liabilities amounts to DKK 322 million as of 30 September 2019.

*“In Q3 we have kicked off our digital journey, both within simulation technology, digital enablement and online learning”*

**Torben Harring**  
CEO

# Key figures

<i>DKKm</i>	Q3 2019	Q3 2019*	Q3 2018*	9M 2019	9M 2019*	9M 2018*	FY 2017
<b>Revenue</b>	205	205	190	659	659	581	756
<b>EBITDA</b>	35	24	17	121	87	70	69
<b>EBITA</b>	16	13	6	61	51	38	7

*\*Excluding IFRS 16  
Note: 2018 and 2017 refers to unaudited proforma financial figures.*



**21**  
Countries

**+30**  
Training centres

**+1200**  
Employees



~72%

**Oil and gas**



~6%

**Wind**



~5%

**Maritime**



~17%

**Industrial**

Sectors (% of revenue 2019)



# Financials



# Income statement

	Q3 2019	9M 2019	Q3 2018	Year to date
<b>DKKm</b>				
Revenue	205	659	28	28
Cost of sales and external assistance	(44)	(142)	(8)	(8)
Employee costs	(93)	(299)	(13)	(13)
Other operating costs	(32)	(97)	(1)	(1)
<b>Operating profit before depreciation, amortization, and impairment losses (EBITDA)</b>	<b>35</b>	<b>121</b>	<b>6</b>	<b>6</b>
Depreciation and impairment losses on property, plant and equipment	(20)	(60)	(1)	(1)
<b>Operating profit before other items (EBITA)</b>	<b>16</b>	<b>61</b>	<b>5</b>	<b>5</b>
Special items	(11)	(19)	-	-
Amortization of intangible assets	(3)	(8)	(0)	(0)
<b>Operating profit (EBIT)</b>	<b>3</b>	<b>34</b>	<b>5</b>	<b>5</b>
Financial income	4	19	1	1
Financial expenses	(16)	(47)	(1)	(1)
<b>Profit/loss before tax</b>	<b>(10)</b>	<b>6</b>	<b>5</b>	<b>5</b>
Income tax	(4)	(16)	(2)	(2)
<b>Profit/loss for the year</b>	<b>(14)</b>	<b>(11)</b>	<b>3</b>	<b>3</b>
<b>Profit/loss for the year is attributable to:</b>				
Owners of BidCo RelyOn Nutec A/S	(14)	(16)	3	3
Non-controlling interests	0	5	(0)	(0)
<b>Total</b>	<b>(14)</b>	<b>(11)</b>	<b>3</b>	<b>3</b>

# Statement of comprehensive income

	Q3 2019	9M 2019	Q3 2018	9M 2018
<b>DKKm</b>				
Profit for the period	(14)	(11)	3	3
<b>Other comprehensive income</b>				
<i>Items that will be subsequently reclassified to profit or loss</i>				
Exchange rate adjustments of foreign entities	(4)	(4)		
<b>Total comprehensive income for the period</b>	<b>(18)</b>	<b>(15)</b>	<b>3</b>	<b>3</b>
<b>Total comprehensive income for the period is attributable to:</b>				
Owners of BidCo RelyOn Nutec A/S	(23)	(20)	3	3
Non-controlling interests	5	5		
<b>Total</b>	<b>(18)</b>	<b>(15)</b>	<b>3</b>	<b>3</b>

## Supplementary information

BidCo RelyOn Nutec A/S was established on 30 March 2018, and acquired RelyOn Nutec on 20 September 2018, and due to this only limited comparable figures are available. However, we have in note 1 prepared pro-forma adjusted comparables for the same periods last year. The comparables have been prepared in accordance with the international accounting standards at that time, i.e. before adoption of IFRS 16.

# Balance sheet

		30 September 2019	30 September 2018			30 September 2019	30 September 2018
DKKm	Notes			DKKm	Notes		
Goodwill		151	82	Share capital		2	2
Brands		55	55	Foreign currency translation reserve		(6)	
Customer contracts		55	62	Retained earnings		254	258
Knowhow		25	0	<b>Total equity attributable to owners of the parent company</b>		<b>250</b>	<b>260</b>
Other intangible assets		12	34	Non-controlling interests		33	12
Property and plant		195	219	<b>Total equity</b>		<b>283</b>	<b>272</b>
Equipment		104	139				
Leasehold improvement		36	0	Bond		326	306
Asset under construction		6	0	Deferred tax		2	15
Right-of-use assets		235	0	Provisions		25	25
Deferred tax asset		15	13	Right-of-use liability		293	0
Other non-current assets		5	0	Financial lease		0	0
<b>Total non-current assets</b>		<b>891</b>	<b>604</b>	Other non-current debt		25	103
				<b>Total non-current liabilities</b>		<b>672</b>	<b>449</b>
Trade receivables		180	175				
Contract assets		17	0	Provisions		0	0
Other receivables		54	43	Credit facility		42	5
Cash and cash equivalents		81	124	Right-of-use liability		29	0
<b>Total current assets</b>		<b>331</b>	<b>342</b>	Trade payables		85	107
<b>Total assets</b>		<b>1,222</b>	<b>946</b>	Corporate income tax		0	10
				Deferred consideration		30	0
				Other liabilities		82	103
				<b>Total current liabilities</b>		<b>267</b>	<b>225</b>
				<b>Total liabilities</b>		<b>939</b>	<b>674</b>
				<b>Total equity and liabilities</b>		<b>1,222</b>	<b>946</b>

# Statement of change in equity

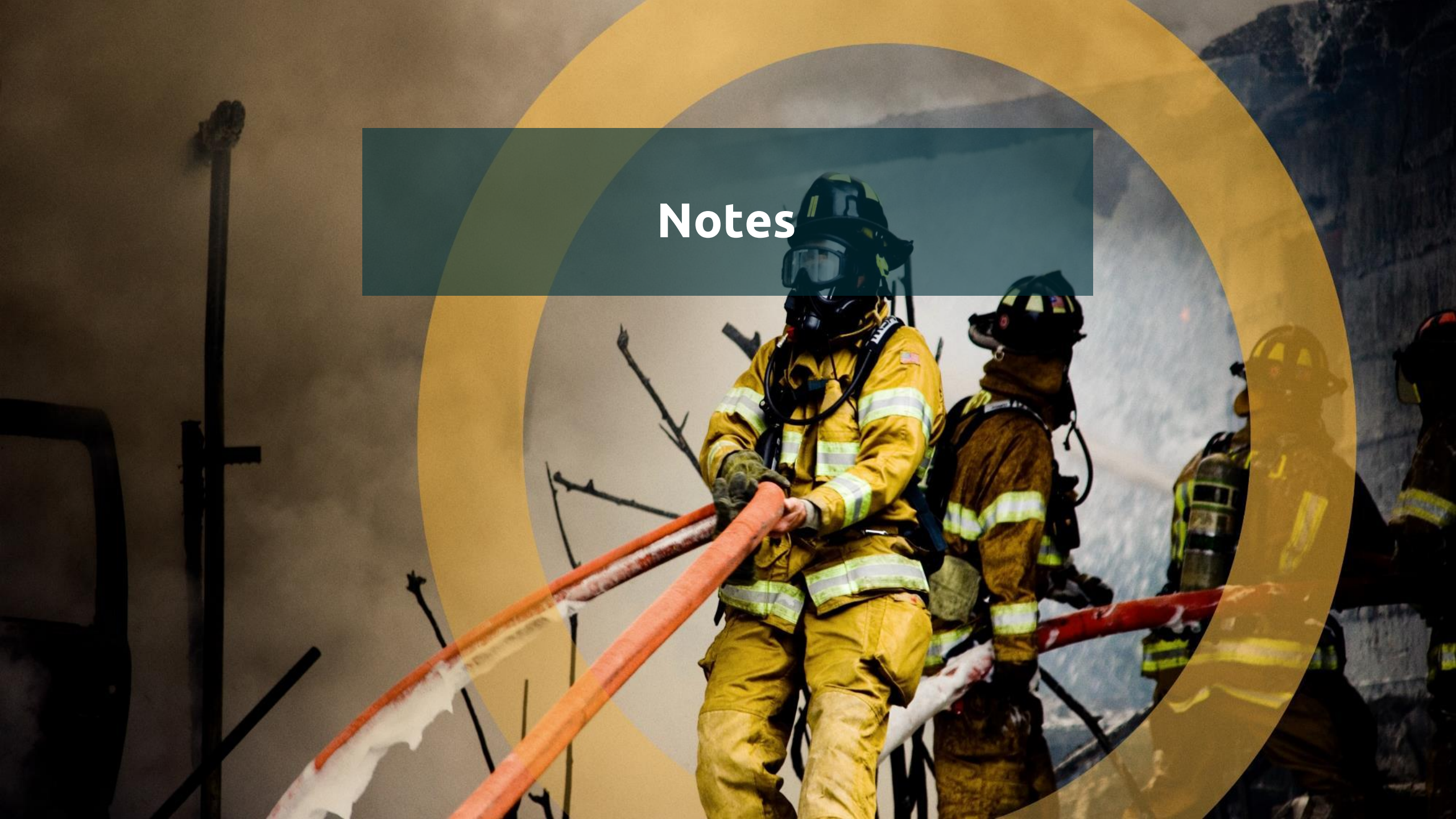
	Share capital	Foreign currency translation reserve	Proposed dividend	Retained earnings	Total equity attributable to owners of Bidco RelyOn Nutec A/S	Non-controlling interests	Total
<b>DKKm</b>							
<b>Equity at 30.03.2018</b>	0			0	0		0
Profit for the period				3	3	(0)	3
Other comprehensive income					0		0
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>(0)</b>	<b>3</b>
<i>Transactions with owners in their capacity as owners</i>							
Capital increase	2			255	257		257
Non-controlling interests on acquisition of subsidiary					0		0
Capital contribution					0		0
Dividend					0		0
<b>Total transactions with shareholders</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>255</b>	<b>257</b>	<b>0</b>	<b>257</b>
<b>Equity at 30.09.2018</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>258</b>	<b>260</b>	<b>(0)</b>	<b>260</b>
<b>Equity at 01.01.2019</b>	2	(2)	0	277	277	27	304
Profit for the period				(16)	(16)	5	(11)
Other comprehensive income		(4)			(4)		(4)
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>(4)</b>	<b>0</b>	<b>(16)</b>	<b>(20)</b>	<b>5</b>	<b>(15)</b>
<i>Transactions with owners in their capacity as owners</i>							
Dividend					0	(6)	(6)
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6)</b>	<b>(6)</b>
<b>Equity at 30.09.2019</b>	<b>2</b>	<b>(6)</b>	<b>0</b>	<b>261</b>	<b>257</b>	<b>26</b>	<b>283</b>



# Cash flow statement

	Q3 2019	9M 2019	Q3 2018	9M 2018
<b>DKKm</b>				
Operating profit before depreciation, amortization, and impairment losses (EBITDA)	35	121	6	6
Changes in net working capital	5	(17)	(20)	(20)
Interests paid	(13)	(29)	0	0
Income taxes paid	(5)	(20)	1	1
Cash flow from non-recurring operation	(15)	(20)	(7)	(7)
<b>Net cash flow from operating activities</b>	<b>7</b>	<b>36</b>	<b>(20)</b>	<b>(20)</b>
Purchase of property, plant and equipment	(8)	(37)	(6)	(6)
Settlement of shares	(2)	(21)	0	0
Change in other investment activities	(0)	(5)	0	0
<b>Net cash flow from investing activities</b>	<b>(11)</b>	<b>(62)</b>	<b>(6)</b>	<b>(6)</b>
Change in external financing, incl financial lease	(5)	(1)	8	8
Share capital	0	0	0	0
Dividend paid	0	0	0	0
Change in other financing activities	(3)	(9)	0	0
<b>Cash flow from financing activities</b>	<b>(8)</b>	<b>(10)</b>	<b>8</b>	<b>8</b>
<b>Net cash flow for the period</b>	<b>(12)</b>	<b>(37)</b>	<b>(18)</b>	<b>(18)</b>
Cash and cash equivalents, beginning of the period	87	107	136	136
Effects of exchange rate changes on cash and cash equivalents	6	11	1	1
Net cash flow for the period	(12)	(37)	(18)	(18)
<b>Cash and cash equivalents at end of the period</b>	<b>81</b>	<b>81</b>	<b>119</b>	<b>119</b>

# Notes



## Note 1 – Extract of income statement

DKKm	Q3 2019 incl IFRS 16	Q3 2019 excl IFRS 16	Q3 2018 excl IFRS 16	9M 2019 incl IFRS 16	9M 2019 excl IFRS 16	9M 2018 excl IFRS 16
Revenue	205	205	190	659	659	581
<b>Operating profit before depreciation, amortization, and impairment losses (EBITDA)</b>	<b>35</b>	<b>24</b>	<b>17</b>	<b>121</b>	<b>87</b>	<b>70</b>
Depreciation and impairment losses on property, plant and equipment	(20)	(11)	(11)	(60)	(36)	(32)
<b>Operating profit before other items (EBITA)</b>	<b>16</b>	<b>13</b>	<b>6</b>	<b>61</b>	<b>51</b>	<b>38</b>
Special items	(11)	(11)	(2)	(19)	(19)	(3)
Amortization of intangible assets	(3)	(3)	(0)	(8)	(8)	(4)
<b>Operating profit (EBIT)</b>	<b>3</b>	<b>(1)</b>	<b>5</b>	<b>34</b>	<b>25</b>	<b>30</b>

## Note 2 - Transition to IFRS 16 leases

BidCo RelyOn Nutec A/S has adopted IFRS 16 retrospectively from 1 January 2019 without restating comparative figures by determining the lease liability as of 1 January 2019 and measure the right-of-use assets at the same amount. The adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 January 2019.

The majority of the lease contracts are related to facility leases. These liabilities have been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019. The incremental borrowing rate applied to the lease liabilities on 1 January 2019 were in the range of 8.5%.

The Group has elected to use the exemptions not to recognize contracts with a lease term of 12 months or less and lease contracts for which the underlying asset is of low value. The Group has applied the following practical expedients on adoption of IFRS 16 Leases permitted by the standard:

- Leased contracts with a remaining term of 12 months or less as of 1 January 2019 or below threshold listed within IFRS 16 will not be recognized as leases assets.
- The carrying amount of the provision for onerous operating lease contracts will be offset against the carrying amount of the right-of-use assets.

The lease liability as of 1 January 2019 amounts to DKK 330 millions and can be reconciled to the operating lease commitment disclosed in the Annual Report 2018 note 4,4.

DKKm	
<b>Total operating lease commitments</b>	<b>330</b>
Total financial lease commitments	39
Correction to lease commitments	(20)
<b>Right-of-use liability as of 1 January 2019</b>	<b>349</b>
Provision for onerous contracts	(80)
Reversal of financial lease commitments	(39)
Total financial lease assets	29
<b>Right-of-use assets as of 1 January 2019</b>	<b>259</b>

	31 December 2018	Change	1 January 2019
<b>DKKm</b>			
Intangible assets	286	-	286
Property and plant	205	-	205
Equipment	117	(29)	88
Leasehold improvement	30	-	30
Asset under construction	17	-	17
Right-of-use assets	-	259	259
Other non-current assets	17	-	17
<b>Total non-current assets</b>	<b>672</b>	<b>230</b>	<b>902</b>
<b>Total current assets</b>	<b>329</b>		<b>329</b>
<b>Total assets</b>	<b>1,001</b>	<b>230</b>	<b>1,231</b>
<b>Equity</b>	<b>304</b>	<b>-</b>	<b>304</b>
Financial lease	35	(35)	-
Provisions	92	(80)	12
Right-of-use liability	-	306	306
Other non-current debt	342	-	342
<b>Total non-current debt</b>	<b>469</b>	<b>191</b>	<b>660</b>
Provisions	12	-	12
Financial lease	4	(4)	-
Right-of-use liability	-	43	43
Other current debt	212	-	212
<b>Total current debt</b>	<b>228</b>	<b>39</b>	<b>267</b>
<b>Total liabilities</b>	<b>697</b>	<b>230</b>	<b>927</b>
<b>Total equity and liabilities</b>	<b>1,001</b>	<b>230</b>	<b>1,231</b>



## Note 3 – Group companies

Country	Legal name	Equity interest	Country	Legal name	Equity interest
Azerbaijan	RelyOn Nutec Azerbaijan LLC	100%	Norway	Oiltec Solutions AS	100%
Belgium	RelyOn Nutec Belgium BVBA	100%	Norway	RelyOn Nutec Norway AS	100%
Brazil	RelyOn Nutec Brasil Participacoes Ltda	100%	Oman	Aberdeen Drilling International Co. LLC	70%
Brazil	RelyOn Nutec Brasil Treinamentos em Segurança Marítima LtdParticipacoes Ltda	100%	Qatar	RelyOn Nutec Safety Services (Safety Training & Services) LLC *	49%
Canada	RelyOn Nutec Canada Incorporated	68%	Saudi Arabien	Aberdeen Drilling International LLC	100%
Canada	RelyOn Nutec Canada (NL) Incorporated	68%	Singapore	MSTS Asia (S'pore) Pte. Ltd.	100%
Canada	RelyOn Nutec Canada (LA) Incorporated	68%	Thailand	Southfield Ltd *	49%
Denmark	Bidco RelyOn Nutec A/S	100%	Thailand	RelyOn Nutec (Thailand) Ltd	65%
Denmark	RelyOn Nutec Holding A/S	100%	The Netherlands	RelyOn Nutec Holding B.V.	100%
Denmark	RelyOn Nutec Denmark A/S	100%	The Netherlands	RelyOn Nutec Netherlands B.V.	100%
Denmark	RelyOn Nutec Digital A/S	100%	Trinidad & Tobago	RelyOn Nutec Services Limited	100%
Malaysia	MSTS Asia Sdn. Bhd.	60%	Trinidad & Tobago	Haztec Services Trinidad, Ltd.	100%
Malaysia	Risktec (M) Sdn. Bhd.	60%	UAE	RelyOn Nutec Safety Services LLC *	49%
Malaysia	RelyOn Nutec Bestari Healthcare Sdn Bhd	60%	UAE	Aberdeen Drilling International Limited	100%
Malaysia	RelyOn Nutec Nutec Malaysia Sdn. Bhd.	60%	United Kingdom	RelyOn Nutec Ltd.	100%
Malaysia	Aberdeen Drilling International (Malaysia) SDN BHD	100%	United Kingdom	Aberdeen Drilling School Ltd	100%
Mexico	RelyOn Nutec Holding de México, S.A. de C.V.	100%	USA	RelyOn Nutec USA Holdings, LLC	100%
Mexico	RelyOn Nutec de México, S.A.P.I. de C.V.	60%	USA	RelyOn Nutec Services, Inc.	100%
Nigeria	Falck Safety Services Nigeria Limited *	49%	USA	RelyOn Nutec USA, LLC	100%
Nigeria	Falck Prime Atlantic Limited *	49%			

\* For these companies, the group holds an equity interest of less than 50%. However, due to rights arising from shareholders' agreements, the Group has determined that it has control of those companies, which are thus classified as subsidiaries and fully consolidated.

## Note 4 – Basis of preparation

The interim report for BidCo RelyOn Nutec A/S is based on recognition and measurement criteria in International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies applied by the Group are consistent with those applied by the Group in its Annual Report 2018.

The interim report has been prepared under the historical cost convention, except that derivatives and financial instruments are measured at fair value. The annual report is presented in Danish kroner (DKK) rounded to the nearest million.

### Accounting policies

The consolidated income statement, balance sheet, statement of change in equity and statement of cash-flow include the parent company, BidCo RelyOn Nutec A/S, and its subsidiaries. Subsidiaries are entities controlled by BidCo RelyOn Nutec A/S. Control means that the BidCo RelyOn Nutec Group controls the company, i.e. that the RelyOn Nutec Group is exposed or has rights to variable returns from the company and has the ability to affect the size of those returns through its power over the company. Control is usually achieved by directly or indirectly holding or controlling more than 50% of the voting rights or other rights such as agreements on management control. The consolidated financial statements are prepared on the basis of the financial statements of BidCo RelyOn Nutec A/S and subsidiaries by adding items of a like nature.

### Adoption of new and amended standards

IFRS 16 was issued in January 2016. It has resulted in almost all leases being recognized on the balance sheet by lessees, as the distinction between operating and finance leases is removed, ref. page 11. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The Group has applied the standard from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

### Business combination

Companies acquired or established during the financial year are recognized as from the date of acquisition or inception. Acquisitions of subsidiaries are accounted for applying the acquisition method. Identifiable assets, liabilities and contingent liabilities of acquires are recognized at their fair value at the date of acquisition. Purchase price allocation from the acquisition of Falck Safety Services Holding A/S is preliminary.



Fire training simulation on the facility in Rotterdam, Netherlands.





**Additional information**



# Statement by the Executive Board

The interim report for Q3 2019, which has not been audited or reviewed by the company's independent auditors, has been prepared in accordance with IFRS as adopted by the EU.

However, in our opinion, the interim financial report gives a true and fair view of the Group's assets, liabilities and financial position at 30 September 2019 and of the results of the Group's operations and cash flows for the period ended 30 September 2019.

Furthermore, in our opinion the management's review gives a fair presentation of the development in the Group's operations and financial circumstances, of the results for the period, and of the overall financial position of the Group as well as a description of the most significant risks and elements of uncertainty facing the Group.

Over and above the disclosures in the interim financial report, no changes in the Group's most significant risks and uncertainties have occurred relative to the disclosures in the annual report 2018.

## Executive board

**Torben Harring**  
Group CEO



# Company information

## **The company**

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Financial year 30.03.2018 - 31.12.2018  
Established 30 March 2018  
Municipality of headquarter; Copenhagen

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## **Board of directors**

Jakob Thomasen, Chairman  
Henrik Bonnerup  
Jesper Teddy Lok  
Jan Damsgaard

## **Executive Management**

Torben Harring

## **Auditor**

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# RelyOn Nutec

360° Safety

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