



SAFETY THROUGH KNOWLEDGE



SG BIDCO GROUP INTERIM QUARTERLY REPORT Q1 – 2019

Market Development and key numbers Q1-19

The marketing conditions are still demanding and key shipping segments continue to struggle. The pressure on reduced prices for our products and services continues, as competition use price as a competitive tool. We experience good order intake from existing customers which shows that our initiatives to develop new products and services is well received. There are many good prospects in the pipeline and we strongly believe that the year will be in line with budget both on sale to new customers and after sale to existing customers.

We continue to launch new products and services to increase our competitive advantages, and this is very well received in the market.

We are positive to the maritime training market and see signs of recovery in some of the shipping segments. Introduction of new regulations and rules for the shipping industry is expected to continue, resulting in new training needs and thereby increasing demand for our products and services.

YTD Q1 2019 total operating income ended 4.3 MNOK up compared to the same period last year. We see the effects of good order intake in 2018 reflected in our order backlog going into 2019.

EBITDA has increased 4.2 MNOK from Q1 2019 compared to the same period last year. Of this increase, 1.0 MNOK is related to implementing IFRS 16 in 2019.

Development activities are kept at the same level as in Q1 2018.

Key numbers portfolio	Q1 2019	Q1 2018	01.01-31.03.19	01.01-31.03.18
No of Customers	753	722	753	740
Portfolio Value (USD 1000)	24 420	22 891	24 420	23 747
New sales orders (USD 1000)	Q1 2019	Q1 2018	01.01-31.03.19	01.01-31.03.18
New Orders total	159	713	159	713
Value of 10 largest Orders	124	568	124	568
3 largest new sales orders (USD 1000)	Q1 2019	Q1 2018	01.01-31.03.19	01.01-31.03.18
Customer "A"	38	206	38	206
Customer "B"	24	129	24	129
Customer "C"	22	47	22	47
Revenues (realized FX rates):	Q1 2019	Q1 2018	01.01-31.03.19	01.01-31.03.18
USD	8.58	7.93	8.58	7.93
EUR	9.67	9.59	9.67	9.59
OPEX (Realized FX rates):	Q1 2019	Q1 2018	01.01-31.03.19	01.01-31.03.18
USD	8.58	8.12	8.58	8.12
SGD	6.31	5.94	6.31	5.94
EUR	9.70	9.65	9.70	9.65
GBP	11.20	10.91	11.20	10.91
ZL	2.25	2.31	2.25	2.31
JPY	0.08	0.07	0.08	0.07
DKK	1.30	1.27	1.30	1.27
Currency hedging	Q1 2019	Q1 2018	01.01-31.03.19	01.01-31.03.18
Realized gains (+) / losses (-)	-1 136	865	-1 136	865
Unrealized gains (+) / losses (-)	1 840	10 892	1 840	10 892
Net gain (+) / loss (-)	704	11 757	704	11 757

SG Bidco AS

Condensed consolidated financial statements

Unaudited for the period ended March 31, 2019

Condensed Consolidated Interim Income Statement

<i>All amounts in NOK thousand</i>	Q1 2019	Q1 2018	YTD 2019	YTD 2018	FY 2018 Audited
Total operating income	54 002	49 695	54 002	49 695	202 950
Cost of sales	1 456	1 556	1 456	1 556	4 305
Personel expenses and other operating cost	28 626	28 439	28 626	28 439	111 828
Depreciation expenses	18 775	14 976	18 775	14 976	72 976
Total operating costs	48 858	44 971	48 858	44 971	189 109
Operating profit	5 145	4 724	5 145	4 724	13 841
Net financial items	-8 222	15 572	-8 222	15 572	-108 538
Profit before income tax	-3 078	20 296	-3 078	20 296	-94 697
Income tax expense	-646	4 262	-646	4 262	-20 445
Profit for the period	-2 431	16 034	-2 431	16 034	-74 253
Basic earnings per share	-0.47	3.08	-0.47	3.08	-14.27
Diluted earning per share	-0.47	3.08	-0.47	3.08	-14.27
STATEMENT OF OTHER COMPREHENSIV INCOME					
Items that may be subsequently reclassified trough profit or loss					
Currency translation differences	-20	-400	-20	-400	540
Total other comprehensive income	-20	-400	-20	-400	540
Total comprehensive income for the period	-2 451	15 634	-2 451	15 634	-73 713

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

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Condensed Consolidated Interim Statement of Financial Position

			12/31/2018
<i>All amounts in NOK thousand</i>	3/31/2019	3/31/2018	Audited
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	231 835	231 835	231 835
Other intangible assets	506 822	557 939	517 761
Total intangible assets	738 657	789 774	749 596
Property, plant and equipment			
Machinery and equipment	31 718	18 547	17 525
Total property, plant and equipment	31 718	18 547	17 525
Financial assets			
Investments in shares	2 495	2 495	2 495
Other long-term receivables	896	489	1 021
Total financial assets	3 391	2 984	3 516
TOTAL NON-CURRENT ASSETS	773 766	811 305	770 637
CURRENT ASSETS			
Financial derivatives	-	15 666	-
Inventories	1 300	1 280	1 481
Trade receivables	54 436	50 036	87 965
Other receivables	4 203	5 883	4 728
Total current assets	59 939	72 865	94 174
Cast and bank deposits	42 110	13 935	23 621
TOTAL CURRENT ASSETS	102 049	86 800	117 796
TOTAL ASSETS	875 816	898 104	888 433

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SG Bidco AS

Condensed Consolidated Interim Statement of Financial Position

			12/31/2018
<i>All amounts in NOK thousand</i>	3/31/2019	3/31/2018	Audited
EQUITY			
Share capital	52 036	52 036	52 036
Share premium	33 714	115 996	36 165
Other reserves	-38	-38	-38
TOTAL EQUITY	85 713	167 994	88 163
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing debt	552 771	498 028	558 659
Deferred tax liability	89 677	115 362	90 551
Other non-current liabilities	12 030	-	-
Total non-current liabilities	654 477	613 390	649 210
CURRENT LIABILITIES			
Interest-bearing debt	11 090	6 659	8 406
Financial derivatives	11 812	-	13 652
Trade and other payables	112 724	110 061	128 882
Current tax liabilities	-	-	120
Total current liabilities	135 626	116 720	151 060
TOTAL LIABILITIES	790 103	730 110	800 270
TOTAL EQUITY AND LIABILITIES	875 816	898 104	888 433

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SG Bidco AS

Condensed Consolidated Interim Statement of Cash Flows

<i>All amounts in NOK thousand</i>	Q1 2019	Q1 2018	YTD 2019	YTD 2018	FY 2018 Audited
Operating activities					
Profit before tax	-3 078	20 296	-3 078	20 296	-94 698
Adjustment for:					
Depreciation and amortisation	18 775	14 976	18 775	14 976	72 976
Taxed paid in the period	-	-	-	-	-273
Non-cash effect foreign exchange	-6 422	5 740	-6 422	5 740	64 455
Change in inventory	181	-1 255	181	-1 255	-215
Change in accounts receivable	33 529	24 992	33 529	24 992	-10 937
Change in trade payables	1 293	-2 447	1 293	-2 447	-2 368
Finance expenses presented as financing activities	12 949	-	12 949	-	35 301
Change in other items	-20 256	-28 351	-20 256	-28 351	29 775
Net cash flow from operating activities	36 972	33 951	36 972	33 951	94 016
Investment activities					
Purchase of intangible assets and other plant and equipment	-4 856	-3 411	-4 856	-3 411	-18 490
Net payment purchase of shares	-	-	-	-	-
Net change in debt to group companies	-	111 701	-	111 701	111 701
Net cash flow from investment activities	-4 856	108 290	-4 856	108 290	93 211
Financing activities					
Repayment of lease liabilities	-678	-	-678	-	-
Repayment interest-bearing debt	-	-294 552	-	-294 552	-294 552
Proceeds from new current / non-current debt	-	499 785	-	499 785	499 785
Interest paid	-12 949	-	-12 949	-	-35 301
Dividends paid	-	-347 666	-	-347 666	-347 666
Net cash flow from financing activities	-13 627	-142 433	-13 627	-142 433	-177 734
Net change in cash and cash equivalents	18 489	-192	18 489	-192	9 494
Cash and cash equivalents at beginning of period	23 621	14 127	23 621	14 127	14 127
Cash and cash equivalents at end of period	42 110	13 935	42 110	13 935	23 621

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

SG Bidco AS

Consolidated statement of changes in equity

<i>All amounts in NOK thousand</i>	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Equity at 01.01.2018	52 036	418 225	-38	37 375	507 598
Profit for period Q1 2018				16 034	16 034
Other comprehensive income				-400	-400
Dividends paid		-347 666			-347 666
Equity at 31.03.2018	52 036	70 558	-38	53 009	175 566
Profit for period Q2 - Q4 2018				-90 287	-90 287
Other comprehensive income				940	940
Debt relief				1 945	1 945
Retained earnings covered by share premium		-34 393		34 393	-
Equity at 31.12.2018	52 036	36 165	-38	0	88 164
Effects of IFRS 16 Implementation					
Equity at 01.01.2019	52 036	36 165	-38	0	88 164
Profit for period Q1 2019				-2 431	-2 431
Other comprehensive income				-20	-20
Retained earnings covered by share premium		-2 451		2 451	-
Equity at 31.03.2019	52 036	33 713	-38	0	85 712

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Notes

Note 1 General Information

SG Bidco AS and its subsidiaries' (together the "company" or the "Group") is a provider of competence management solutions and e-learning material for seafarers worldwide. The company is a corporation domiciled in Norway with headquarter in Gamleveien 36, in Horten.

All amounts in the interim financial statements are presented in NOK thousands unless otherwise stated.

These condensed interim financial statements have not been audited.

Note 2 Basis of preparation

These condensed interim financial statements for the three months ended 31 March 2019 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRS as adopted by the European Union ('IFRS').

Note 3 Accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the annual IFRS financial statements for the year ended 31 December 2018.

Note 4 Estimates, judgements and assumptions

The preparation of interim financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2018.

Note 5 Operating Segments

"The group's board, chief executive officer and the chief financial officer examines the group's performance from a product perspective and has identified two segments of the business:

Maritime: this part of the business provides competence management solutions and e-learning material for seafarers worldwide and offers a comprehensive library of training and onboard courses for regulatory compliance and improved seafarer knowledge.

Oil and Gas: this part of the business provides off-the-shelf training and competence management solutions for validating core competency of employees and contract staff in the oil & gas industry, both with offshore and onshore activities.

Q1 2019	Maritime	Oil & Gas	HQ - Other	Total
Recurring revenue	46 317	-	-	46 317
Non-recurring revenue	5 744	1 941	-	7 685
Total revenues	52 061	1 941	-	54 002
Total operating costs	27 978	1 546	558	30 082
EBITDA	24 083	395	-558	23 920
Q1 2018	Maritime	Oil & Gas	HQ - Other	Total
Recurring revenue	44 708	383	-	45 091
Non-recurring revenue	2 970	1 634	-	4 604
Total revenues	47 678	2 017	-	49 695
Total operating costs	27 716	1 561	718	29 995
EBITDA	19 962	456	-718	19 700
01.01-31.03.2019	Maritime	Oil & Gas	HQ - Other	Total
Recurring revenue	46 317	-	-	46 317
Non-recurring revenue	5 744	1 941	-	7 685
Total revenues	52 061	1 941	-	54 002
Total operating costs	27 978	1 546	558	30 082
EBITDA	24 083	395	-558	23 920
01.01-31.03.2018	Maritime	Oil & Gas	HQ - Other	Total
Recurring revenue	44 708	383	-	45 091
Non-recurring revenue	2 970	1 634	-	4 604
Total revenues	47 678	2 017	-	49 695
Total operating costs	27 716	1 561	718	29 995
EBITDA	19 962	456	-718	19 700

EBITDA represents operating income plus depreciation. Recurring revenues is defined as subscription revenues that are invoiced based on a subscription period. The subscription is automatically renewed on the main invoice date. Non recurring revenues is defined as revenues that are one time income, and not based on a subscription.

Note 6 Related Party Transactions

The Group's related parties include its associates, key Management, members of the Board of Directors and majority shareholders.

There are no major related party transactions for SG Bidco Group in Q1 2019. All related party transactions are concluded on an arms-length basis.

Note 7 Risk Management

A description of main risk factors in SG Bidco Group is included in Note 3 in the Annual Report for 2018.

Note 8 Right-of-use assets and lease liabilities (IFRS 16)

IFRS 16 was implemented for the Group with effect as of 01.01.2019. The group applied the simplified transition approach and have not restate comparative amounts for the year prior to first adoption. On transition to IFRS 16, the Group recognized NOK 15,6 million in right-of-use assets and NOK 15,6 million as lease liabilities. Accounting principles applied are described in the annual IFRS financial statements for the year ended 31 December 2018.

The Group leases several assets such as buildings, machinery and equipment and vehicles. The movements of the Group's right-of-use assets and lease liabilities are presented below:

Right of use assets

	Buildings, machinery and vehicles
Aquisition cost 01.01.2019	15 561
Additions	-
Disposals and write-downs	-
Aquisition costs 31.03.2019	15 561
Accumulated depreciation and impairment 01.01.2019	-
Depreciation	-815
Impairment losses in the period	-
Accumulated depreciation and impairment 31.03.2019	-815
Net book value 31.03.2019	14 746
Lower of remaining lease term or economic life	0 - 7 years
Depreciation method	Linear

Lease liabilities

	Total
Summary of the lease liabilities in the financial statements	
At initial application 01.01.2019	15 561
New lease liabilities recognised in the period	-
Leasing payments for the principal portion of the lease liability	-990
Interest expense on lease liabilities	311
Total lease liabilities at 31.03.2019	14 882
whereof:	
Current lease liabilities < 1 year	2 853
Non-current lease liabilities > 1 year	12 030

IFRS 16 effects on the income statement Q1 2019

(+) positive effects (-) negative effects

Depreciation	-815
Leasing payments for the principal portion of the lease liability	990
Effect on operating profit in the period	175
Interest expense of lease liabilities	-311
Effect on profit before income tax in the period	-136
Tax	29
Effect on profit for the period	-107
Currency exchange differences	-
Effect on other comprehensive income	-107

Note 9 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

As of May 2.nd 2019 SG Bidco Group as has aquired a majority share in Tero Marine AS.

Total cost for the shares is MNOK 40,7.

In 2018, Tero Marine had a total revenue of MNOK 50,9 and pre tax profit of MNOK 9,0

Identified excess values relates mainly to customer contracts and goodwill. This will increase the amortization for the coming periods.

SG Holdco AS has entered into an agreement to sell Sg Midco AS to a fund managed by Oakley Capital. The agreement was signed on 13 May 2019 and the transaction is expected to close in July 2019.