

# Press release



Utrecht, May 28, 2013

*Stork Technical Services, a leading provider of knowledge-based Asset Integrity Management services for the Oil & Gas, Power and Chemical sectors, publishes today its Q1 2013 results.*

## Stork Technical Services reports 2.0% organic revenue growth and adjusted EBITDA<sup>1</sup> of €3.5m, impacted by one-off events

### Summary Q1 2013

- Solid order book at €1,153m (December 31, 2012: €1,127m)
- Revenue increased 2.0% organically to €312m compared to the same quarter prior year
- Solid growth in the regions Americas and UK & Africa
- Adjusted EBITDA of €3.5m (Q1 2012: €16.6m)
- One-off events with impact of €5.5m are included in adjusted EBITDA. These were caused by strikes in Colombia and under-utilisation in the Subsea business
- Difficult market conditions and under-utilisation of assets in Continental Europe caused further margin pressure
- Cash from operations drops from €9.2m to negative €6.2m, reflecting the EBITDA decline
- Restructuring measures due to difficult market conditions announced in Belgium

### Financial summary

(in millions of euro)	Q1 2013	Q1 2012	Change %
Order book	1,153	1,119	3.0%
Revenues	311.7	314.8	-1.0%
Adjusted EBITDA	3.5	16.6	-79.2%
as % of revenue	1.1%	5.3%	
Operational result	(13.9)	(0.8)	
Cash generated from (used in) operations	(6.2)	9.2	

<sup>1</sup> Adjusted EBITDA is EBITDA adjusted for non-recurring items in the amount of €6.4m in Q1 2013 and €4.5m in Q1 2012



### First quarter performance

The first quarter of 2013 was very challenging where we had to balance solid growth in UK, Americas, and Australia with the continued downward pressure on margins in Europe. In Europe a review of our operations is initiated in order to match capacity with the structural reduction in demand for our services. After a slow start asset utilisation of our Subsea business has returned to normal. Customers continue to value the quality and performance of the services offered. In the coming months we expect significant wins in key growth areas of UK, Americas and Australia.

### Order book

Order book remains solid and slightly increased with 3.0% to €1,153m compared to March 31, 2012. In the Oil & Gas sector, where we operate worldwide, order book continued to grow. In the Chemical and Power segment, where we operate largely in Europe, the order book declined as a result of the weak European market environment.

### Revenue

In Q1 total revenues declined by 1.0% to €311.7m compared to Q1 2012. Organic growth (revenue growth excluding the effect of movement in foreign currency rates and investments and divestments) was 2.0%. Foreign exchange had a negative effect on revenues of €2.5m (-/-0.8%) compared to Q1 2012. Divestments in 2012 had a negative impact on revenue amounting to €7.0m (-/-2.2%).

Organic growth of 2.0% was driven by the division Core Services (+3.6%), which benefited from continued strong market conditions in the Oil and Gas industry, particularly in Latin-America and UK & Africa. These positive effects were offset by weak first quarter results in the Subsea business and poor developments in the European Chemical industry. The Sales and Rental division generated solid revenues, in line with prior year.

### Revenue development per division

(in millions of euro)	Q1 2013	Q1 2012	Change %
Core Services	260.0	252.5	2.9%
- Continental Europe	104.2	99.2	5.0%
- Americas	47.6	44.4	7.2%
- UK & Africa	85.5	84.2	1.5%
- MECAP	22.7	24.8	-8.3%
Solutions	39.9	43.7	-8.7%
Sales and Rental Services	16.3	16.5	-0.7%
Other*	(4.5)	2.1	
<b>Total revenues</b>	<b>311.7</b>	<b>314.8</b>	<b>-1.0%</b>

\*Other includes eliminations and revenues from discontinued operations

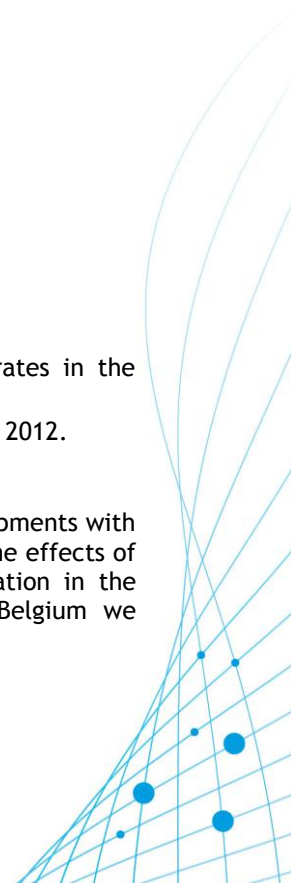
### Core Services

Core Services provides general Maintenance, Modification and Overhaul services and operates in the regions Europe, UK & Africa, Americas and Middle East, Caspian & Asia Pacific (MECAP).

In Q1 2013 Core Services generated revenues of €260.0m, an increase of 2.9% compared to Q1 2012.

### Core Services Continental Europe

In Core Services Continental Europe, revenues increased by 5.0% on the back of strong developments with customers in the Oil and Gas sector. This growth has been partly offset by the negative volume effects of the difficult market conditions in the European Chemical industry. Furthermore the situation in the Belgium industrial sector remains difficult having an adverse impact on revenues. In Belgium we announced a restructuring plan to adjust the business to the changed market conditions.



#### *Core Services Americas*

Revenues of Core Services Americas continued to grow to €47.6m. The strong organic growth of 7.3% reflects the favorable market conditions in the Latin American oil market. We are able to further grow with our key customers supported by our quality of service in the region. Volumes in February and March were negatively impacted as result of industrial strikes which affected our customers across the country.

#### *Core Services UK & Africa*

Core Services UK & Africa showed stable revenues. The strong growth experienced in our fabric maintenance business was offset by lower volumes in the Subsea business. Q1 2013 revenues were in keeping with the normal seasonality for the Subsea business due to the operating weather window in the North Sea. Last year benefited from good volumes in the African region which we were unable to repeat.

#### *Core Services MECAP*

In Core Services MECAP, revenues decreased by 8.3%. of which -/-3.3% was caused by unfavorable foreign exchange rates. A drop in revenues in the Caspian region was driven by the planned rundown of operations in Kazakhstan. This was partly compensated by solid volume developments in Australia and the Middle East.

#### *Solutions*

Solutions is a provider of manufactured products, maintenance and overhaul solutions primarily to the power industry. Revenues at Solutions declined by €3.8m (-/-8.7%) from €43.7m in Q1 2012 to €39.9m in Q1 2013. Organically Solutions declined by 6.2%. The decline was the result of continued weak conditions in the European Power market which caused customers to postpone their maintenance budgets.

#### *Sales and Rental Services*

This division sells and rents out compressors, temporary lighting towers, power generators, welding equipment, tools and other industrial equipment to customers in the energy and large industrial sectors in the Benelux and Germany. Revenues at Sales and Rental Services were stable at a solid €16.3m.

#### **Adjusted EBITDA**

Adjusted EBITDA decreased by € 13.1 m to €3.5m in Q1 2013 compared to €16.6m in Q1 2012.

Results in Q1 2013 suffered from margin pressure and under-utilisation in certain parts of the European business (-/-€9.6m) and one-off events: In Colombia we were impacted by industrial action taken against our customers (-/-€2.5m) and by the under-utilisation of assets in the Subsea business (-/-€3.0m).

Divestments resulted in a decrease of €0.7m compared to Q1 2012.

The positive effect of overall volume growth across the Group amounted to €1.0m.

Overhead decreased by €1.7m. This is mainly the result of overhead reduction measures taken in the second half of 2012 in the Solutions division.

#### **Non-recurring items**

In Q1 2013 non-recurring items amount to €6.4m and mainly relate to the restructuring measures taken in the Belgium entity and Solutions business. In Belgium this will lead to a €2m reduction of our cost base. In Q1 2012 non-recurring costs of €4.5m primarily included restructuring costs, mainly in the Netherlands.

#### **Financial expense**

In Q1 2013 €9.6m of net finance expenses were recognized compared to €12.0m in Q1 2012. The decline in net finance expenses is primarily attributable to the decrease in net debt as a result of the refinancing in August 2012.



### **Cash flow**

Cash generated from (used in) operations (excluding interest and tax paid) decreased from €9.2m in Q1 2012 to negative €6.2m in Q1 2013. This is mainly caused by the drop in EBITDA. As of March 31, 2013, net operating working capital as percentage of last 3 months revenue (annualised), remained at a low 5.6%, compared to 5.1% as of March 31, 2012.

As a result of the changed financing structure, interest paid decreased from €6.8m in Q1 2012 to €2.1m in Q1 2013, mainly reflecting the timing effect of the interest payments.

Net cash used in investing activities amounted to €5.6m in Q1 2013 compared to €3.9m in Q1 2012. capital expenditures remained at the same level compared to previous year (Q1 2013: €5.7m; Q1 2012: €5.1m).

### **Net debt and financing structure**

In line with the negative cash flow from operations and our capital expenditures, net debt increased to €275.4m compared to €257.1m at December 31, 2012. As at March 31, 2013, our net-debt-to-adjusted LTM EBITDA ratio was 3.3x.

Interest on the Senior Secured Notes of €272.5m is payable semi-annually. As of March 31, 2012, the accrued and unpaid interest amounted to €18.7m and is included in current liabilities. The first interest payment has been made on May 1, 2013.

### **Subsequent events**

No material events took place after the close of the first quarter of 2013.

### **About Stork Technical Services**

Stork Technical Services, a wholly owned subsidiary of Stork B.V., is a global provider of knowledge-based Asset Integrity Management services for the Oil & Gas, Power and Chemical sectors. From concept through to execution - Stork Technical Services aims to help reduce risk, assure safety and improve environmental performance for our customers. With 14,500 employees across the UK & Africa, Continental Europe, the Middle East, Asia Pacific and the Americas, we provide innovative solutions and integrate thinking and doing in the areas of asset integrity, consultancy, maintenance concepts, repair, renovation, new construction, relocations, subsea services and other related complex projects.

### **Financial calendar**

Investor call Q1 results 2013:	Thursday, May 30, 2013 (15:00 CET)
Publication Q2 results 2013:	Tuesday, August 27, 2013
Investor Q2 results 2013:	Thursday, August 29, 2013 (15:00 CET)
Publication Q3 results 2013:	Monday, November 25, 2013

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Consolidated income statement for Stork Technical Services HOLDCO B.V. (unaudited)<sup>1)</sup>

<i>(in millions of euro)</i>	Q1 2013	Q1 2012	Change %
<b>Revenues</b>	<b>311.7</b>	<b>314.8</b>	<b>-1.0%</b>
Cost of sales <sup>2)</sup>	(280.6)	(268.1)	4.7%
<b>Gross profit</b>	<b>31.1</b>	<b>46.7</b>	<b>-33.4%</b>
Sales cost <sup>2)</sup>	(7.3)	(7.3)	-0.3%
General and administrative expenses <sup>2)</sup>	(37.7)	(40.2)	-6.1%
<b>Operational result</b>	<b>(13.9)</b>	<b>(0.8)</b>	<b>1658.0%</b>
Financial income	1.2	1.7	
Financial expense	(10.8)	(13.8)	
Share of profit (loss) of associates	(0.0)	0.3	
<b>Result before tax</b>	<b>(23.5)</b>	<b>(12.5)</b>	<b>87.9%</b>
Income tax	0.6	0.5	24.6%
<b>Result for the period</b>	<b>(22.9)</b>	<b>(12.0)</b>	<b>90.6%</b>

1) For Q1 2012 the Stork Technical Services Group and the RBG Group combined (Pro forma)

2) In Q1 2012 an amount of €3.5m was reclassified from sales cost and general and administrative expenses to cost of sales for purposes of comparison

Financial Information - The consolidated income statement has been prepared and presented in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.



Consolidated statement of financial position for Stork Technical Services HOLDCO B.V. (unaudited)<sup>1)</sup>

(in millions of euro)	31 Mar 2013	31 Dec 2012	31 Mar 2012
<b>ASSETS</b>			
Property, plant and equipment	139.8	144.0	144.7
Goodwill	520.2	526.0	521.8
Intangible assets	70.1	73.2	81.9
Investments in and loans to associates	0.7	0.7	1.5
Deferred tax assets	4.8	3.9	3.6
<b>Non-current assets</b>	<b>735.5</b>	<b>747.8</b>	<b>753.6</b>
Inventories	23.6	21.9	22.3
Construction contracts in progress- due from customers	92.5	94.4	107.4
Trade and other receivables	234.7	240.9	240.3
Current tax assets	6.8	5.1	2.3
Cash and cash equivalents	31.0	44.7	26.9
<b>Current assets</b>	<b>388.6</b>	<b>407.0</b>	<b>399.2</b>
<b>TOTAL ASSETS</b>	<b>1,124.1</b>	<b>1,154.8</b>	<b>1,152.8</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>432.6</b>	<b>465.4</b>	<b>276.1</b>
Long-term loans	280.2	287.0	441.9
Employee benefits	36.5	38.7	45.7
Provisions	9.7	12.3	11.6
Deferred tax liabilities	11.5	10.7	11.7
<b>Non-current liabilities</b>	<b>338.0</b>	<b>348.7</b>	<b>510.9</b>
Construction contracts in progress- due to customers	19.3	35.4	35.9
Trade and other payables	277.9	261.5	278.6
Employee benefits	11.2	12.2	16.9
Current tax payable	3.9	6.3	6.8
Bank overdraft	22.9	11.4	12.8
Long-term loans	3.3	3.3	4.4
Provisions	15.0	10.6	10.4
<b>Current liabilities</b>	<b>353.5</b>	<b>340.7</b>	<b>365.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,124.1</b>	<b>1,154.8</b>	<b>1,152.8</b>
Net operating working capital <sup>2)</sup>	70.2	70.0	64.1
Net debt	275.4	257.1	432.2

1) For 31 Mar 2012 the Stork Technical Services Group and the RBG Group combined (Pro forma)

2) For 31 Dec and 31 Mar 2012 adjusted for purposes of comparison

Financial Information - The consolidated balance sheet (except for net operating working capital and net debt) has been prepared and presented in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

# Consolidated cash flow statement for Stork Technical Services HOLDCO B.V. (unaudited)<sup>1)</sup>

(in millions of euro)	Q1 2013	Q1 2012	Change %
<b>Cash flows from operating activities</b>			
Result before tax	(23.5)	(12.5)	87.9%
Adjustments for:			
- Depreciation and impairment of property, plant and equipment	8.1	9.2	
- Amortisation and impairment of intangible assets	2.9	3.7	
- Share of loss (profit) from associates	0.0	(0.3)	
- Financial income and expense (net)	9.6	12.0	
<b>EBITDA</b>	<b>(2.9)</b>	<b>12.1</b>	<b>-124.2%</b>
Changes in provisions (including the pension effect)	(1.9)	(1.2)	
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):			
- Inventories	(1.3)	(0.8)	
- Trade and other receivables	5.0	15.5	
- Trade and other payables	(5.0)	(16.5)	
<b>Cash generated from (used in) operations</b>	<b>(6.2)</b>	<b>9.2</b>	<b>-167.4%</b>
Financial instruments	(0.1)	-	
Interest paid	(2.1)	(6.8)	
Income tax paid	(3.4)	(3.4)	
<b>Net cash used in operating activities</b>	<b>(11.7)</b>	<b>(1.1)</b>	<b>1003.8%</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	0.1	1.2	
Investments in property, plant and equipment	(5.5)	(5.0)	
Investments in intangible assets	(0.1)	(0.1)	
<b>Net cash used in investing activities</b>	<b>(5.6)</b>	<b>(3.9)</b>	<b>42.0%</b>
<b>Cash flows from financing activities</b>			
Change in bank overdraft	11.5	0.0	
Repayments of long-term loans	(7.4)	(3.6)	
<b>Net cash from (used in) financing activities</b>	<b>4.1</b>	<b>(3.6)</b>	<b>-212.9%</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(13.1)</b>	<b>(8.6)</b>	<b>52.4%</b>
Cash and cash equivalents at beginning of the period	44.7	35.6	
Exchange rate and translation differences on cash and cash equivalents	(0.6)	(0.1)	
<b>Cash and cash equivalents at period end</b>	<b>31.0</b>	<b>26.9</b>	<b>15.3%</b>

1) For Q1 2012 the Stork Technical Services Group and the RBG Group combined (Pro forma)

Financial Information - The consolidated cash flow statement (except for EBITDA) has been prepared and presented in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.





### **Disclaimer**

This press release has been prepared by Stork Technical Services solely for informational purposes. Stork Technical Services has included non-IFRS financial measures in this press release. These measurements may not be comparable to those of other companies. Reference to these non-IFRS financial measures should be considered in addition to IFRS financial measures, but should not be considered a substitute for results that are presented in accordance with IFRS.

Forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict and outside of the control of the management of Stork Technical Services. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements.

