Report

2018

bouvet

Key figures

NOK MILLION	OCT-DEC 2018	OCT-DEC 2017	CHANGE %	JAN-DEC 2018	JAN-DEC 2017	CHANGE %
Revenue	**535.4**	458.4	16.8 %	**1 846.7**	1 607.4	14.9 %
Operating profit (EBIT)	**65.2**	49.1	32.7 %	**191.6**	144.1	32.9 %
Ordinary profit before tax	**66.3**	49.8	33.0 %	**191.6**	145.9	31.3 %
Profit for the period	**53.5**	39.7	35.0 %	**150.5**	112.0	34.3 %
Net cash flow operations	**215.9**	158.6	36.2 %	**219.0**	149.0	46.9 %
Cash and cash equivalents	**278.4**	205.4	35.6 %	**278.4**	205.4	35.6 %
Number of employees (end of period)	**1 369**	1 215	12.7 %	**1 369**	1 215	12.7 %
Number of employees (average)	**1 362**	1 221	11.5 %	**1 305**	1 171	11.4 %
Earnings per share	**5.25**	3.86	36.0 %	**14.80**	10.92	35.6 %
Diluted earnings per share	**5.21**	3.82	36.3 %	**14.66**	10.79	35.8 %
EBIT-margin	**12.2 %**	10.7 %		**10.4 %**	9.0 %	
Equity ratio	**36.7 %**	34.2 %		**36.7 %**	34.2 %	

Bouvet in brief

Bouvet is a consultancy delivering digital services. At 31 December, it had 1 369 employees at 13 offices in Norway and Sweden.

The group is a strategic partner for a number of enterprises, and helps them to design digital solutions which create new business opportunities and provide the desired effects. Clients value Bouvet's good understanding of their business and the fact that its broad range of services allows it to act as a turnkey provider. The group is concerned to maintain long-term client relationships.

Bouvet's regional model with local offices provides clear benefits for marketing and competitiveness. Many enterprises regard it as important that their provider of business-critical systems has local entrenchment and expertise. In addition, this model makes it easier to establish long-term relationships and thereby become acquainted with the client's business and systems.

As a result of the clear attention it pays to principles for managing the business, Bouvet comes across as a solid, well-run and well-regarded group. Its standards for delivering good solutions are supplemented by strict requirements on ethics, conflicts of interest, security, openness and accountability. Close relations with clients are achieved because the group and its employees implement their assignments with a high degree of integrity.

BOUVET ASA

Highlights of the fourth quarter

- Important agreement entered into with Aker Solutions where Sesam, Bouvet's digitalisation platform, plays a significant role in making data accessible for the work of building digital twins
- New frame agreements secured with the Norwegian Environment Agency, the City of Stockholm and Norske Skog
- Prizes won for Bouvet.no and Bouvet's movie "Øya forklart"
- Operating revenues up by NOK 77 million or 16.8 per cent from the fourth quarter of 2017 to NOK 535.4 million
- Operating profit (EBIT) up by 32.7 per cent from the fourth quarter of 2017 to NOK 65.2 million
- Cash flow from operations of NOK 215.9 million, compared with NOK 158.6 million for the fourth quarter of 2017
- The board proposes a dividend of NOK 13 per share for 2018
- Employees up by 27 from 30 September and 154 over the past 12 months.

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CEO'S COMMENTS

We contribute to society's progress

During the final quarter of the year, we continued to help our clients understand the challenges and opportunities created by digital technology, and to lay a strategy which reflects these. We have helped some to tailor their business model to the new age, while in other cases we utilise digital technology, mindsets or approaches to improve day-to-day operations and the lives of employees. With yet others, we have participated in creating new products and services and improving customer experiences. And for some we provided this entire spectrum.

The growing need for our expertise at our clients contributed to continued progress. We recruited a number of able people, and we delivered good results yet again in this quarter.

We regard digitalisation as an important social task, and as something significant for people. Many of our clients are important players for society, in both private and public sectors, with a need and a desire to improve people's everyday lives. Through our collaboration with them during the quarter, we contributed to the common good.

The assignments we tackled and resolved were many and varied. They ranged from simplifying duty-free shopping at Norwegian regional airports to developing systems for reducing electricity consumption in the European rail network, and from automating aluminium production to creating new websites for everyone from housing developers to historical museums.

We worked on the major systems which get socially critical functions to perform, we worked with the systems which put enterprises in control of their own business, we created practical apps and we produced informative websites.

During the quarter, our clients appreciated our cross-disciplinary approach and our ability to create good and effective combinations of expertise. This generated a growing need for teams which can realise integrated solutions and make our clients better equipped to meet the digital reality.

At the same time, this reality is always changing. To handle this and seize the opportunities which arise, we continued to devote attention to the wellbeing and expertise of our employees and the work of developing new service areas. These efforts aim to strengthen our credibility as a long-term partner.

Our regional model confers great freedom on each office and organisational unit, cut bureaucracy and reduces decision-making layers. That gives us an adaptability which is crucial for our ability to create good, flexible and durable solutions. The model is also a success factor which will ensure our continued progress.

Sverre Hurum
President and CEO

"The growing need for our expertise at clients contributed to continued progress. We recruited a number of able people, and we delivered good results yet again in this quarter."

Financial results

Operating revenues

Bouvet had operating revenues of NOK 535.4 million for the fourth quarter, compared with NOK 458.4 million in the same period of 2017. That represented a rise of 16.8 per cent. Fee income generated by the group's own consultants increased by 19.2 per cent from the fourth quarter of 2017 to NOK 440.2 million. Income generated by sub-contractors grew by 4.7 per cent from the same period of the year before to NOK 70.6 million. Other revenues rose by 13.4 per cent from the fourth quarter of 2017 to NOK 24.5 million.

The fourth quarter had one fewer working days than the same period of 2017. That had a negative effect of NOK 5.6 million on operating revenues generated by the group's own employees.

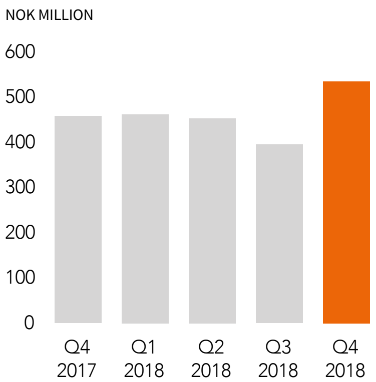
An increase of 11.5 per cent in the average number of employees had a positive effect of NOK 44.4 million on operating revenues generated by the group's own workforce. At the same time, improved progress with fixed and target-price contracts compared with the fourth quarter of 2017 had a positive effect of NOK 2.2 million on operating revenues. A 3.1 per cent growth in rates for the group's hourly based services compared with the fourth quarter of 2017 increased operating revenues by NOK 14.1 million. Furthermore, a 0.9 percentage point increase in the billing ratio for the group's consultants from the fourth quarter of 2017 had a positive effect of NOK 4.9 million on operating revenues. In addition comes an overall positive impact of NOK 11 million from reduced sickness absence, fewer days of holiday and more overtime working. The total positive effect on operating revenues generated by the group's own employees was NOK 76.6 million.

Sales to existing clients made good progress during the quarter. Clients who also used the group in the fourth quarter of 2017 accounted for 94.3 per cent of operating revenues. In addition, clients acquired since 31 December 2017 contributed a total of NOK 30.6 million to fourth-quarter operating revenues.

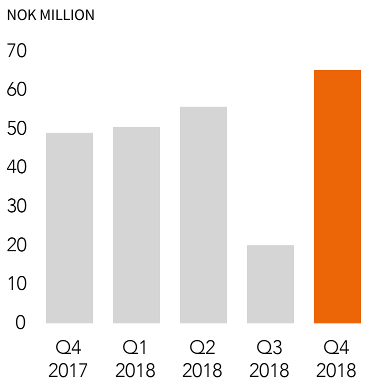
Bouvet's strategy is to use services from sub-contractors when it lacks the capacity to meet demand with its own personnel or when clients require leading-edge expertise outside the group's priority areas. The sub-contractor share of total revenues was 13.2 per cent in the fourth quarter, compared with 14.7 per cent in the same period of 2017.

Operating revenues for the full year came to NOK 1 846.7 million, compared with NOK 1 607.4 million in 2017. That represented a rise of 14.9 per cent. Fee income generated by the group's own employees for 2018 increased by NOK 220.9 million or 16.8 per cent from the year before. This growth is primarily attributable to an 11.4 per cent rise in the number of employees, a 1.4 percentage point increase in the billing ratio for the group's consultants and a 3.4 per cent growth in rates for the group's hourly based services. In addition, income generated by sub-contractors increased by NOK 12.4 million or 5.5 per cent compared with 2017. Other operating revenues were up by NOK 6 million or 9.5 per cent from 2017.

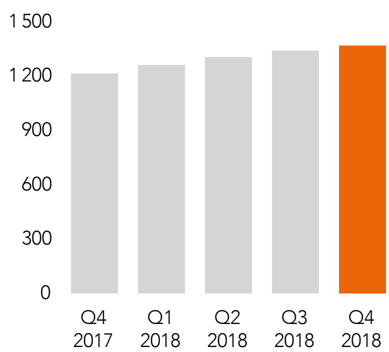
Operating revenue



Operating profit (EBIT)



Number of employees (end of quarter)



Operating costs

Bouvet's operating costs, including depreciation and amortisation, totalled NOK 470.2 million for the fourth quarter, up from NOK 409.3 million in the same period of 2017. That represented an increase of 14.9 per cent. Payroll costs rose by 16.6 per cent from the fourth quarter of 2017 to NOK 336.8 million. This increase reflected a higher average number of employees in addition to the general growth in pay rates. The group experienced a general rise in pay of 1.6 per cent over the past 12 months. The cost of sales rose to NOK 75.3 million, compared with NOK 72.7 million for the fourth quarter of 2017, and primarily comprised procurement of sub-contractor services and software as well as the hire of course instructors. Other operating expenses grew by 23.7 per cent from the fourth quarter of 2017 to NOK 52.3 million. This rise primarily reflected higher costs for leasing and operating office premises, recruitment, social events and ICT.

Operating costs for the full year grew by 13.1 per cent from 2917 to NOK 1 655.1 million. The cost of sales rose by 4.5 per cent to NOK 258.5 million, primarily because greater use was made of sub-contractors. Payroll costs increased by 13.9 per cent from the year before to NOK 1 179 million. Other operating expenses came to NOK 192.9 million. The NOK 33.2 million increase from 2017 was primarily attributable to higher costs for leasing and operating office premises, recruitment, social events and ICT.

Profit

Operating profit (EBIT) for the fourth quarter came to NOK 65.2 million, compared with NOK 49.1 million in the same period of 2017.

The EBIT margin thereby rose from 10.7 per cent in the fourth quarter of the year before to 12.2 per cent. Net profit came to NOK 53.5 million, compared with NOK 39.7 million in the same period of 2017. Diluted earnings per share were NOK 5.21, compared with NOK 3.82 in the fourth quarter of the year before.

Operating profit for the full year amounted to NOK 191.6 million, compared with NOK 144.1 million in 2017. That represented an increase of 32.9 per cent. The EBIT margin thereby rose from nine per cent in the year before to 10.4 per cent. Net profit came to NOK 150.5 million, compared with NOK 112 million in 2017. Diluted earnings per share were NOK 14.66, compared with NOK 10.79 for the year before.

Cash flow, liquidity and capital adequacy

CConsolidated cash flow from operations was NOK 215.9 million for the fourth quarter, compared with NOK 158.6 million in the same period of 2017. Cash flow for the quarter was affected positively by a reduction of NOK 73.6 million from the third quarter of 2018 in working capital related to accounts receivable from clients, work in progress and other current receivables. Furthermore, an increase of NOK 80 million in

Revenue public/private

- Revenue from customer 100 % public owned: 51.0 %
- Revenue from customer wholly or partially private owned: 49.0 %

Revenue per business

Public admin	28.3 %
Oil & gas	25.1 %
Power supply	9.9 %
Transportation	8.8 %
Retail	5.6 %
Service industry	5.3 %
Bank & finance	4.8 %
Industry	3.9 %
Info and communication	3.8 %
Other	2.4 %
Health	2.2 %

current liabilities from the third quarter of 2018 had a positive effect on cash flow. Consolidated cash flow from operations for the full year was NOK 219 million, compared with NOK 149 million in the same period of 2017.

Capital spending in the quarter totalled NOK 10 million, including NOK 5.4 million for the acquisition of new operating assets and NOK 4.6 million for investment in intangible assets. Net investment for the quarter was thereby NOK 10 million, compared with NOK 4.3 million in the same quarter of 2017. Investment for the full year totalled NOK 57.7 million, broken down by NOK 30.6 million on operating assets, NOK 13.7 million on intangibles and NOK 13.4 million on the Olavstoppen subsidiary in connection with buying out minority shareholders. The group sold operating assets for NOK 0.6 million during the full year, so that net investment came to NOK 57.1 million compared with NOK 29.9 million in the same period of 2017.

The group's client portfolio consists mainly of large, solid listed companies and public enterprises. No significant bad debts were suffered in either the fourth quarter or the full year, and the group has good oversight and control of its receivables.

The group has no interest-bearing debt. Bank deposits at 31 December totalled NOK 278.4 million, compared with NOK 205.4 million a year earlier. Of bank deposits at 31 December, the account for employee tax deductions totalled NOK 43.7 million. The group had an undrawn overdraft facility of NOK 100 million at 31 December. Bouvet held 1 264 of its own shares at 31 December. Equity at 31 December totalled NOK 277 million, representing an equity ratio of 36.7 per cent. The corresponding figures for 31 December 2017 were an equity of NOK 220.4 million and an equity ratio of 34.2 per cent.

Segment reporting

The group does not report internally by separate business areas. Its business is homogenous and pursued within the Scandinavian market for IT consultancy services. Risk and return are followed up for the business as a whole, with shared markets, on a project basis and per consultant. On that basis, the group has one reportable segment.

Developments and market

The market was positive for Bouvet during the quarter. A high and stable pace of digitalisation and innovation in the market led to very good progress. The group's concentration on long-term client relationships creates stability and trust. Existing clients see new business opportunities as well as areas for enhancing efficiency with the aid of technology. That has led to new forms of collaboration and growing demand for teams and advisory services. Agder Energi Nett extended its contract for enterprise architecture, data analysis and project management. The Norwegian Environment Agency awarded a new frame agreement. This represented an extension of the existing project portfolio as well as new assignments to lay the basis for sustainable management of such aspects as Norway's populations of predators and wild deer.

During the quarter, Bouvet continued its digitalisation activities in the public sector. The group was involved in the work of digital transformation, and helped to make provision for increased cross-sectoral cooperation. An example is the national collaboration project on the welfare technology hub, which identifies and establishes new ways of sharing and exchanging data in the health sector. Part of the national welfare technology programme, this is being pursued jointly by the Directorate for e-Health, the Norwegian Health Network, the Norwegian Association of Local and Regional Authorities (KS) and a number of local authorities. Among other deliveries, mention can be made of the "sustainability barometer" for the ocean industries, developed in cooperation with BarentsWatch.

The market is shifting towards more business-driven technology development and data-driven enterprises. That led during the quarter to a sharp increase in deliveries of and demand for platform concepts and services in data science and platforms, artificial intelligence, machine learning and the internet of things. Bouvet has contributed to establishing a data lake at the City of Bergen which includes information from 13 000 sensors at the water and sewerage agency. This helps to simplify the identification of possible leaks. Among other examples of clients are Avinor and Hafslund, who use the Sesam Integration Hub.

As Bouvet's digitalisation platform, Sesam has experienced growing demand because enterprises need faster access to data. Several new partner agreements were secured during the quarter. Aker Solutions, for example, entered into a long-term agreement to make data accessible and facilitate the development of digital twins.

Bouvet has also been involved in developing digital twins at Equinor, which is very advanced in terms of digitalisation. The group is a key contributor to the adoption of new technologies such as machine learning and pattern recognition at Equinor's integrated operations centre (IOC) in order to predict faults on offshore platforms before they occur. Bouvet has also been involved in assignments at Equinor which include augmented (AR) and virtual (VR) reality, as well as the use of block chain technology in trading solutions.

Demand for system development remains high. Attention in the market is concentrated on service development and innovation. During the quarter, Bouvet further developed services which include its whole range of services. One example is services for mixed reality (MR), where assignments were pursued during the quarter at Hevolus and the Manufacturing Technology Centre. In addition, increased demand is being seen for recognition technology and cyber security.

Attention at the group's clients is concentrated on tight integration of technology with their own service development, efficiency improvements and automation. During the quarter, Bouvet experienced a shift in the development process which led to increased demand for cross-disciplinary team deliveries. Vinmonopolet is an example of a client where Bouvet delivered during the quarter with the aid of flexible development processes at strategic, tactical and operational levels in order to achieve commercial goals for the e-commerce solution at vinmonopolet.no.

Expertise is needed in change, project and test management as well as security when developing and introducing core systems. Demand for such expertise was good during the quarter at the Norwegian Public Roads Administration, the Norwegian Directorate for Children, Youth and Family Affairs (Bufdir), Telia and Statnett. In addition, this type of business-critical solution calls for increased customer focus and the use of innovation processes for dealing with changed user behaviour and market changes. During the quarter, this led to a high level of demand for service design and design-related services. Clients such as Entur, the City of Oslo and Cappelen Damm provide examples where Bouvet has delivered this type of service. The group has been involved in a strategic omnichannel project at NAF . Olavstoppen, a wholly owned subsidiary with leading-edge expertise in the development of digital services, secured a number of high-profile assignments both nationally and internationally during the quarter.

The need for digital expertise related to technology, projects, innovation and management led during the quarter to increased demand for courses, both open and internally in companies. A number of breakfast meetings were also held at Bouvet's premises.

Employees

Bouvet's regional model and culture-driven organisation, with a high level of job satisfaction among employees, yielded good organic growth during the quarter. The workforce increased by 27 people from the previous three months, and the group had 1 369 employees at 31 December – up by 154 from the same date in 2017.

The attention being paid by clients to change, renewal and improvement has led to big demand for Bouvet's expertise in every service area. Recruitment and job satisfaction among employees had a high priority. That increased delivery capacity. The recruitment market is tough and challenging, but Bouvet succeeded in attracting relevant candidates in all age groups and disciplines.

Bouvet's ambition is to be the most credible consultancy with the most satisfied employees. In order to be an attractive and relevant employer at the interface with the workforce's desire for professional challenges and expertise development, continuous efforts are made to build a strong and open sharing culture. The choice of assignments must be viewed in relation to the individual consultant's desire for personal and professional development.

In addition to relevant and specialist client projects, Bouvet has various arenas for expertise development such as in-house schools, courses and conferences. The group builds relations with various universities in regions where it has a local presence. These arenas are developed continuously on the basis of technology trends, market developments and the expertise requirements of consultants.

Bouvet's annual employee survey, conducted during the quarter by the Great Place to Work, yielded very good results. Ninety-four per cent of respondents stated that, all in all, Bouvet is a great place to work. That represents an increase from 2017. The survey shows that Bouvet has a unique people-oriented culture where fellowship, caring, inclusion and collaboration occupy a strong place. The management gives plenty of scope and facilitates initiatives which ensure the constant development of both Bouvet and the individual.

Risk

The group is exposed at any given time to various forms of operational, market and financial risk. The board and executive management work continuously on risk management and control. This is described in more detail under corporate governance in the annual report for 2017 (section 10: risk management and internal control). In the board's view, no significant changes occurred over the past three months in the various risks to which the group is exposed.

Prospects

Digitalisation is fundamental to increased prosperity and sustainable competitiveness in the meeting with demographic changes, globalisation and climate challenges. Technology is an enabler for change at enterprises and in working life generally. Commercial chains and business models are changing. A number of enterprises are experiencing productivity growth and a wider opportunity space for service development, but also stronger competition from global players.

Development of digital customer journeys and the transition to more data-driven enterprises demands heavy investment in technology and closer collaboration with digitalisation partners in order to see the overall perspective. A high pace of digitalisation and change creates a need for cross-disciplinary teams able to make speedy deliveries with commercial value. That changes procurement behaviour and creates market slippages in the consultancy sector.

Bouvet has the breadth of services, the structure for establishing cross-disciplinary teams, and the regional and adaptable model needed to meet this development. That has proved valuable for developing the group's services and for its clients.

Continuous recruitment is required to ensure the right delivery capacity in a market characterised by a high level of demand, and will continue to be pursued in the face of strong competition from other players.

Bouvet is well positioned to maintain its ability to deliver to its clients.

Contacts

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Declaration by the board and CEO

We hereby confirm to the best of our knowledge that the interim financial statements for the fourth quarter of 2018 and the preliminary financial statements for 1 January to 31 December 2018 have been prepared in accordance with IAS 34, and that the information in the financial statements provides a true and fair picture of the overall assets, liabilities, financial position and overall financial results of the Bouvet ASA group. We also confirm to the best of our knowledge that the interim report provides a true and fair view of important events in the accounting period and their influence on the interim financial statements, the most important risk and uncertainty factors facing the business in the next accounting period, and significant transactions with close associates.

Oslo, 26 February 2019
The board of directors of Bouvet ASA

Pål Egil Rønn
Chair of the board

Tove Raanes
Deputy chair

Grethe Høiland
Director

Ingebrigt Steen Jensen
Director

Egil Christen Dahl
Director

Sverre Hurum
President and CEO

Consolidated income statement

NOK 1 000	UNAUDITED OCT-DEC 2018	UNAUDITED OCT-DEC 2017	CHANGE	CHANGE %	UNAUDITED JAN-DEC 2018	JAN-DEC 2017	CHANGE	CHANGE %
Revenue	**535 397**	458 399	76 998	16.8 %	**1 846 711**	1 607 353	239 358	14.9 %
Operating expenses								
Cost of sales	**75 253**	72 681	2 572	3.5 %	**258 514**	247 346	11 168	4.5 %
Personell expenses	**336 783**	288 824	47 959	16.6 %	**1 178 968**	1 035 043	143 925	13.9 %
Depreciation fixed assets	**4 190**	3 597	593	16.5 %	**17 388**	12 994	4 394	33.8 %
Amortisation intangible assets	**1 652**	1 881	-229	-12.2 %	**7 414**	8 149	-735	-9.0 %
Other operating expenses	**52 337**	42 303	10 034	23.7 %	**192 865**	159 684	33 181	20.8 %
Total operating expenses	**470 215**	409 286	60 929	14.9 %	**1 655 149**	1 463 216	191 933	13.1 %
Operating profit	**65 182**	49 113	16 069	32.7 %	**191 562**	144 137	47 425	32.9 %
Financial items								
Interest income	**613**	305	308	101.0 %	**1 815**	1 291	524	40.6 %
Financial income	**640**	503	137	27.2 %	**929**	1 497	-568	-37.9 %
Interest expense	**-39**	-24	-15	62.5 %	**-104**	-137	33	-24.1 %
Finance expense	**-80**	-52	-28	53.8 %	**-2 627**	-852	-1 775	208.3 %
Net financial items	**1 134**	732	402	54.9 %	**13**	1 799	-1 786	-99.3 %
Ordinary profit before tax	**66 316**	49 845	16 471	33.0 %	**191 575**	145 936	45 639	31.3 %
Income tax expense								
Tax expense on ordinary profit	**12 780**	10 175	2 605	25.6 %	**41 078**	33 914	7 164	21.1 %
Total tax expense	**12 780**	10 175	2 605	25.6 %	**41 078**	33 914	7 164	21.1 %
Profit for the period	**53 536**	39 670	13 866	35.0 %	**150 497**	112 022	38 475	34.3 %
Assigned to:								
Shareholders in parent company	**53 536**	39 193			**150 497**	110 632		
Non-controlling interests	**0**	477			**0**	1 390		
Diluted earnings per share	**5.21**	3.82	1.38	36.2 %	**14.66**	10.79	3.86	35.8 %
Earnings per share	**5.26**	3.87	1.39	36.0 %	**14.80**	10.92	3.88	35.6 %

Consolidated statement of other income and costs

NOK 1 000	UNAUDITED OCT-DEC 2018	UNAUDITED OCT-DEC 2017	CHANGE	CHANGE %	UNAUDITED JAN-DEC 2018	JAN-DEC 2017	CHANGE	CHANGE %
Profit for the period	53 536	39 670	13 866	35.0 %	150 497	112 022	38 475	34.3 %
Items that may be reclassified through profit or loss in subsequent periods								
Currency translation differences	563	114	449	393.8 %	-28	171	-200	-116.4 %
Sum other income and costs	563	114	449	393.8 %	-28	171	-200	-116.4 %
Total comprehensive income	54 099	39 784	14 315	36.0 %	150 469	112 193	38 275	34.1 %
Assigned to:								
Shareholders in parent company	34 099	39 308			150 469	110 803		
Non-controlling interests	0	477			0	1 390		

Consolidated balance sheet

NOK 1 000	UNAUDITED 31.12.2018	31.12.2017	CHANGE	CHANGE %
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Goodwill	32 944	33 460	-516	-1.5 %
Other intangible assets	34 070	27 764	6 306	22.7 %
Total intangible assets	67 014	61 224	5 790	9.5 %
Fixed assets				
Office equipment	25 187	16 973	8 214	48.4 %
Office machines and vehicles	5 907	3 425	2 482	72.5 %
IT equipment	20 112	17 755	2 357	13.3 %
Total fixed assets	51 206	38 153	13 053	34.2 %
Financial non-current assets				
Other financial assets	11	116	-105	-90.5 %
Other long-term receivables	1 935	2 009	-74	-3.7 %
Total financial non-current assets	1 946	2 125	-179	-8.4 %
Total non-current assets	120 166	101 502	18 664	18.4 %
CURRENT ASSETS				
Work in progress	55 520	84 787	-29 267	-34.5 %
Trade accounts receivable	269 718	224 645	45 073	20.1 %
Other short-term receivables	30 765	27 783	2 982	10.7 %
Cash and cash equivalents	278 388	205 371	73 017	35.6 %
Total current assets	634 391	542 586	91 805	16.9 %
TOTAL ASSETS	754 557	644 088	110 469	17.2 %

Consolidated balance sheet

NOK 1 000	UNAUDITED 31.12.2018	31.12.2017	CHANGE	CHANGE %
EQUITY AND LIABILITIES				
EQUITY				
Paid-in capital				
Share capital	10 250	10 250	0	0.0 %
Own shares - nominal value	-1	-47	46	-97.9 %
Share premium fund	10 000	10 000	0	0.0 %
Total paid-in capital	20 249	20 203	46	0.2 %
Earned equity				
Other equity	256 744	197 186	59 558	30.2 %
Total earned equity	256 744	197 186	59 558	30.2 %
Non-controlling interests	0	3 019	-3 019	-100.0 %
Total equity	276 993	220 408	56 585	25.7 %
DEBT				
Long-term debt				
Deferred tax	574	218	356	163.3 %
Total long-term debt	574	218	356	163.3 %
Short-term debt				
Trade accounts payable	58 012	56 865	1 147	2.0 %
Income tax payable	41 279	31 593	9 686	30.7 %
Public duties payable	169 088	158 026	11 062	7.0 %
Deferred revenue	16 678	17 275	-597	-3.5 %
Other short-term debt	191 933	159 703	32 230	20.2 %
Total short-term debt	476 990	423 462	53 528	12.6 %
Total liabilities	477 564	423 680	53 884	12.7 %
TOTAL EQUITY AND LIABILITIES	754 557	644 088	110 469	17.2 %

Consolidated statement of cash flows

NOK 1 000	UNAUDITED OCT-DEC 2018	UNAUDITED OCT-DEC 2017	UNAUDITED JAN-DEC 2018	JAN-DEC 2017
Cash flow from operating activities				
Ordinary profit before tax	66 316	49 845	191 575	145 936
Paid tax	-7 351	971	-30 807	-25 582
(Gain)/loss on sale of fixed assets	-21	63	-406	-98
Ordinary depreciation	4 190	3 597	17 388	12 994
Amortisation intangible assets	1 652	1 881	7 414	8 149
Share based payments	1 894	1 661	7 272	6 449
Changes in work in progress, accounts receivable and accounts payable	71 696	24 048	-14 658	-56 834
Changes in other accruals	77 559	76 491	41 193	58 020
Net cash flow from operating activities	215 935	158 558	218 971	149 035
Cash flows from investing activities				
Sale of fixed assets	47	16	574	971
Purchase of fixed assets	-5 361	-3 004	-30 609	-20 358
Purchase of intangible assets	-4 606	-1 278	-13 718	-10 540
Investment in subsidiaries - net cash	0	0	-13 390	0
Net cash flow from investing activities	-9 921	-4 266	-57 143	-29 927
Cash flows from financing activities				
Purchase of own shares	-8 924	0	-19 544	-11 190
Sales of own shares	17 858	9 484	17 858	9 484
Dividend payments	0	0	-87 125	-73 750
Net cash flow from financing activities	8 934	9 484	-88 811	-75 456
Net changes in cash and cash equivalents	214 948	163 776	73 017	43 652
Cash and cash equivalents at the beginning of the period	63 440	41 595	205 371	161 719
Cash and cash equivalents at the end of the period	278 388	205 371	278 388	205 371

Consolidated statement of changes in equity

NOK 1 000	SHARE CAPITAL	OWN SHARES	SHARE PREMIUM	TOTAL PAID-IN EQUITY	OTHER EQUITY	TRANSLATION DIFFERENCES	TOTAL OTHER EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Equity at 01.01.2017	10 250	-99	10 000	20 151	153 021	-643	152 378	3 629	176 158
Profit for the period				0	110 632		110 632	1 390	112 022
Other income and costs				0		171	171		171
Purchase/sale of own shares (net)		52		52	-1 758		-1 758		-1 706
Employee share scheme				0	7 514		7 514		7 514
Dividend				0	-71 750		-71 750	-2 000	-73 750
Equity at 31.12.2017	10 250	-47	10 000	20 203	197 659	-472	197 186	3 019	220 408
Equity at 01.01.2018	10 250	-47	10 000	20 203	197 659	-472	197 186	3 019	220 408
Profit for the period				0	150 497		150 497		150 497
Other income and costs				0		-28	-28		-28
Purchase/sale of own shares (net)		46		46	-1 680		-1 680		-1 634
Employee share scheme				0	8 264		8 264		8 264
Change non-controlling interests				0	-10 371		-10 371	-3 019	-13 390
Dividend				0	-87 125		-87 125		-87 125
Equity at 31.12.2018 (Unaudited)	10 250	-1	10 000	20 249	257 244	-500	256 744	0	276 993

Notes

Note 1: Accounting principles

The group made no changes to the accounting principles applied in 2018. This interim report is presented in accordance with the International Financial Reporting Standards (IFRS) and interpretations determined by the European Union, and have been prepared in accordance with IAS 34. The interim financial statements have not been audited, do not include all the information required in annual financial statements and should be viewed in conjunction with the group's annual report for 2017.

The accounting policies applied are consistant with those applied in previous financial year, except for the implementation of IFRS 9 - Financial Instuments and IFRS 15 - Revenue from Contracts with Customers. IFRS 9 includes revised guidance on classification and measurement, impairment and hedge accounting. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. The adoption of IFRS 9 has not had significant impact on the Group financial statement. IFRS 15 replaces all existing standards and interpretations relating to revenue recognition. The core principle of IFRS 15 is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The Group has performed analyses of customer contracts and revenue streams in accordanse with the accounting standards 5-step model, and concluded that the new standard have no significant impact on the Group`s revenue recognition principles.

IFRS 16 Leases replaces existing IFRS leases requirements, IAS 17 Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). IFRS 16 is effective for financial yearannual periods beginning on or after 1 January 2019. The implication of the new standard is that the Group will have to recognise assets and liabilities in the balance sheet for several leases. The new leases standard requires lessees to recognise assets and liabilities for most leases, which is a significant change from current requirements.

An estimation on current leases per 31 December 2018 indicates a balance recognition of MNOK 226. This will reduce the equity ratio with 8 percentage points. Under today's IFRS regulations lease amounts for operational leases are recognised as operating expenses. In accordance with the new regulations leases recognised in the balance sheet will be depreciated over the lease period and recognised together with the Group's remaining depreciations. Interest effect from the discount calculation will be recognised as financial items. Due to the new regulations the Group's EBIT will slightly increase, provided the same type and number of lease objects. See note 20 Annual Report 2017 for information on the group`s lease commitments.

Note 2: Revenue from contracts with customers

The Group is primarily delivering its services based on time and material used and has in most cases legal rights for payment for services delivered at date. The Group has some income from projects where the Group shall deliver a predefined result at a price that is either fixed or has elements causing income per hour not to be known before the projects are finalised. For these projects the income is recorded in correlation with the degree of completion. Progress is measured as incurred hours in relation to totally estimated hours. For these projects the customer controles the asset being made or improved. The Group is therefore very little affected by the changes caused from adoption of IFRS 15.

Specification revenue:

NOK 1 000	OCT-DEC 2018	OCT-DEC 2017
Contract category		
Fixed- and target price	8 012	11 547
Variable contracts	527 385	446 852
Total revenue	535 397	458 399
Business sector		
Bank & finance	25 655	18 976
Power supply	53 126	39 074
Health	11 853	10 664
Industry	20 792	20 097
Info and communication	20 154	30 711
Public admin	151 439	132 074
Oil & gas	134 265	104 699
Service industry	28 120	26 202
Transportation	47 268	41 647
Retail	30 122	24 526
Other	12 604	9 728
Total revenue	535 397	458 399
Public/privat sector		
Public sector (100% owned)	273 038	235 866
Privat sector	262 359	222 533
Total revenue	535 397	458 399
Work in progress	55 520	84 787
Deferred revenue	16 678	17 275

At the balance sheet date, processed but not billed services amounted to NOK 55.52 million (2017.12.31: NOK 84.79 million). This is mainly services delivered on running account, invoiced to customers at the beginning of the next month.

Note 3: Intangible assets

Intangible assets and goodwill are related to added value from the acquisitions of subsidiaries, businesses, and costs related to development of software and internally developed internet homepage.

NOK 1 000	SOFTWARE	OTHER INTANGIBLE ASSETS	GOODWILL	JAN-DEC 2018	SOFTWARE	OTHER INTANGIBLE ASSETS	GOODWILL	JAN-DEC 2017
Book value 1 January	20 002	7 762	33 460	**61 224**	15 718	9 314	32 782	**57 814**
Additions of the period	0	931	0	**931**		1 104	0	**1 104**
Self-developed software	12 787	0	0	**12 787**	9 436	0	0	**9 436**
Amortisation	-4 883	-2 531	0	**-7 414**	-5 152	-2 997	0	**-8 149**
Exchange rate variances	0	3	-516	**-513**	0	341	678	**1 019**
Book value end of period	27 906	6 165	32 944	**67 014**	20 002	7 762	33 460	**61 224**
Amortisation rate	20%	10-20%	N/A		20%	10-20%	N/A	
Economic life	5 years	5-10 years	not decided		5 years	5-10 years	not decided	
Amortisation method	linear	linear	N/A		linear	linear	N/A	

The group is developing a software for sale, Sesam, that works as a search engine for enterprise data. Sesam can collect all type of information, tie it together and make use of the compound information in a range of valuable services. Version 3 of Sesam was completed September 2016 with investment costs of NOK 10 783 thousand. Version 4 of Sesam was completed December 2017 with investment costs of NOK 12 250 thousand. Version 5 is under development and one part was completed in June and taken use of in July. The rest has an expected completion during first half year of 2019. So far the investment costs is NOK 12 787 thousand. All versions has an economic life of 5 years.

Note 4: Share capital and dividend

SHARES IN THOUSANDS	OCT-DEC 2018	OCT-DEC 2017
Ordinary shares, nominal value NOK 1	**10 250**	10 250
Total number of shares	**10 250**	10 250

The nominal value of the share is NOK 1. All shares in the company have equal voting rights and are equally entitled to dividend.

Changes in share capital and premium

	NO. OF SHARES		SHARE CAPITAL	
NOK 1 000	OCT-DEC 2018	OCT-DEC 2017	OCT-DEC 2018	OCT-DEC 2017
Ordinary shares issued and fully paid at 31.12.	**10 250**	10 250	**10 250**	10 250
Own shares at nominal value	**-1**	-47	**-1**	-47

In the period, Bouvet ASA, has purchased 40 000 own shares at an average price of NOK 223.10 per share and sold 135 789 own shares to employees within the group at a total amount of NOK 24 551 thousand, giving an average sales price of NOK 180.80 per share (which includes the element of remuneration). The cash consideration for these shares was NOK 14 905 thousand. The Company owns 1 264 own shares at the end of the period.

Note 5: Transactions with related parties

Shares in the company directly or indirectly owned by the Board and management

		NO. OF SHARES			
NAME	ROLE	30.09.2018	BUY	SALE	31.12.2018
Pål Egil Rønn	Chairman of the Board	0			**0**
Tove Raanes	Vice-chairman of the Board	895			**895**
Grethe Høiland	Board member	0			**0**
Ingebrigt Steen Jensen	Board member	0			**0**
Egil Christen Dahl	Board member	453 502			**453 502**
Sverre F. Hurum	CEO	508 366	413		**508 779**
Erik Stubø	CFO	237 866	413		**238 279**
Total		1 200 629	826	0	**1 201 455**

Note 6: Events after the balance sheet date

There have been no events after the balance sheet date significantly effecting the Group’s financial position.

Alternative Performance Measures

The European Securities an Markets Authority ("ESMA") issued guidelines on Alternative Performance Measures ("APMs") that came into force on July 3, 2016. Bouvet discloses APMs that are frequently used by investors, analysts, and other interested parties. The management believes that the disclosed APMs provide improved insight into the operations, financing, and prospects of Bouvet. Bouvet has defined the following APMs:

EBITDA is short for earnings before interest, taxes, depreciation, and amortization. EBITDA is calculated as profit for the period before tax expense, financial items, depreciation, and amortization.

EBIT is short for earnings before interest and taxes. EBIT corresponds to operating profit in the consolidated income statement.

Net free cash flow is calculated as net cash flow from operations plus net cash flow from investing activities.

EBITDA-margin is calculated as EBITDA divided by revenue.

EBIT-margin is calculated as EBIT divided by revenue.

Cash flow margin is calculated as Net cash flow from operations divided by revenue.

Equity ratio is calculated as total equity divided by total assets.

Liquidity ratio is calculated as current assets divided by short-term debt.

Key figures Group

NOK 1 000	OCT-DEC 2018	OCT-DEC 2017	CHANGE %	JAN-DEC 2018	JAN-DEC 2017	CHANGE %
INCOME STATEMENT						
Operating revenue	**535 397**	458 399	16.8 %	**1 846 711**	1 607 353	14.9 %
EBITDA	**71 024**	54 591	30.1 %	**216 364**	165 280	30.9 %
Operating profit (EBIT)	**65 182**	49 113	32.7 %	**191 562**	144 137	32.9 %
Ordinary profit before tax	**66 316**	49 845	33.0 %	**191 575**	145 936	31.3 %
Profit for the period	**53 536**	39 670	35.0 %	**150 497**	112 022	34.3 %
EBITDA-margin	**13.3 %**	11.9 %	11.4 %	**11.7 %**	10.3 %	13.9 %
EBIT-margin	**12.2 %**	10.7 %	13.6 %	**10.4 %**	9.0 %	15.7 %
BALANCE SHEET						
Non-current assets	**120 166**	101 502	18.4 %	**120 166**	101 502	18.4 %
Current assets	**634 391**	542 586	16.9 %	**634 391**	542 586	16.9 %
Total assets	**754 557**	644 088	17.2 %	**754 557**	644 088	17.2 %
Equity	**276 993**	220 408	25.7 %	**276 993**	220 408	25.7 %
Long-term debt	**574**	218	163.3 %	**574**	218	163.3 %
Short-term debt	**476 990**	423 462	12.6 %	**476 990**	423 462	12.6 %
Equity ratio	**36.7 %**	34.2 %	7.3 %	**36.7 %**	34.2 %	7.3 %
Liquidity ratio	**1.33**	1.28	3.8 %	**1.33**	1.28	3.8 %
CASH FLOW						
Net cash flow operations	**215 935**	158 557	36.2 %	**218 971**	149 035	46.9 %
Net free cash flow	**206 014**	154 292	33.5 %	**161 828**	119 108	35.9 %
Net cash flow	**214 948**	163 775	31.2 %	**73 017**	43 652	67.3 %
Cash flow margin	**40.3 %**	34.6 %	16.6 %	**11.9 %**	9.3 %	27.9 %
SHARE INFORMATION						
Number of shares	**10 250 000**	10 250 000	0.0 %	**10 250 000**	10 250 000	0.0 %
Weighted average basic shares outstanding	**10 191 679**	10 144 777	0.5 %	**10 169 093**	10 133 943	0.3 %
Weighted average diluted shares outstanding	**10 292 204**	10 252 237	0.4 %	**10 268 110**	10 248 708	0.2 %
EBIT per share	**6.40**	4.78	33.8 %	**18.84**	14.04	34.1 %
Diluted EBIT per share	**6.33**	4.73	33.9 %	**18.66**	13.89	34.4 %
Earnings per share	**5.25**	3.86	36.0 %	**14.80**	10.92	35.6 %
Diluted earnings per share	**5.21**	3.82	36.3 %	**14.66**	10.79	35.8 %
Equity per share	**27.02**	21.50	25.7 %	**27.02**	21.50	25.7 %
Dividend per share	**0.00**	0.00	I/A	**8.50**	7.00	21.4 %
EMPLOYEES						
Number of employees (year end)	**1 369**	1 215	12.7 %	**1 369**	1 215	12.7 %
Average number of employees	**1 362**	1 221	11.5 %	**1 305**	1 171	11.4 %
Operating revenue per employee	**393**	375	4.7 %	**1 415**	1 373	3.1 %
Operating cost per employee	**345**	335	3.0 %	**1 268**	1 250	1.5 %
EBIT per employee	**48**	40	19.0 %	**147**	123	19.3 %

Definitions

Cash flow margin	Net cash flow operations / Operating revenue
Diluted earnings per share	Profit for the period assigned to shareholders in parent company / weighted average diluted shares outstanding
Diluted EBIT per share	EBIT assigned to shareholders in parent company / weighted average diluted shares outstanding
Dividend per share	Paid dividend per share througout the year
Earnings per share	Profit for the period assigned to shareholders in parent company / weighted average basic shares outstanding
EBIT	Operating profit
EBIT per employee	EBIT / average number of employees
EBIT per share	EBIT assigned to shareholders in parent company / weighted average basic shares outstanding
EBITDA	Operating profit + depreciation fixed assets and intangible assets
EBITDA-margin	EBITDA / operating revenue
EBIT-margin	EBIT / operating revenue
Equity per share	Equity / number of shares
Equity ratio	Equity / total assets
Liquidity ratio	Current assets / Short-term debt
Net free cash flow	Net cash flow operations - Net cash flow investments
Number of shares	Number of issued shares at the end of the year
Operating cost per employee	Operating cost / average number of employees
Operating revenue per employee	Operating revenue / average number of employees
Weighted average basic shares outstanding	Issued shares adjusted for own shares on average for the year
Weighted average diluted shares outstanding	Issued shares adjusted for own shares and share scheme on average for the year

Our regions and offices

The Group has 13 offices in Norway and Sweden. Our philosophy is that competence should be utilized across the company, while projects are attached locally.

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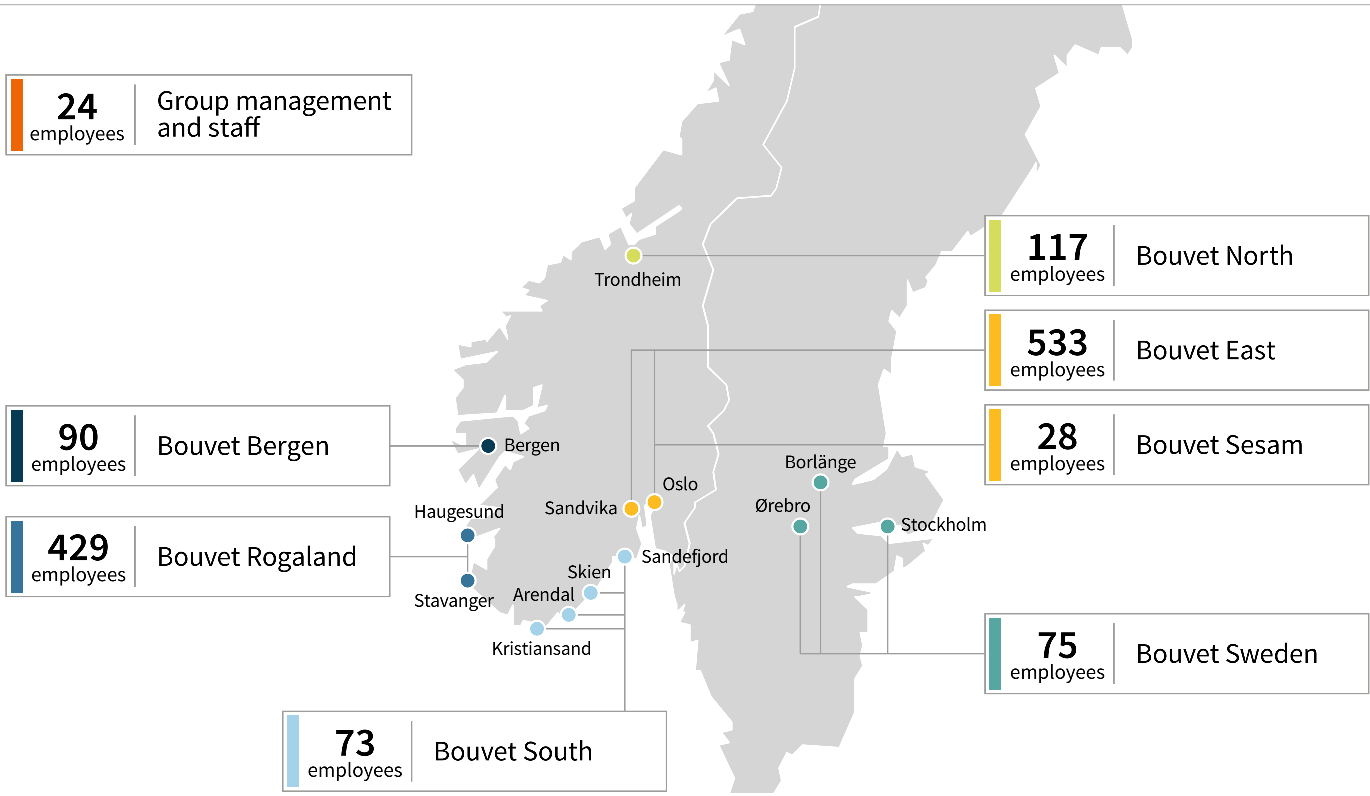

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