

# Second Quarter Results 2018

Karl Erik Kjelstad (CEO) and Leif Borge (CFO)  
Fornebu | July 13, 2018

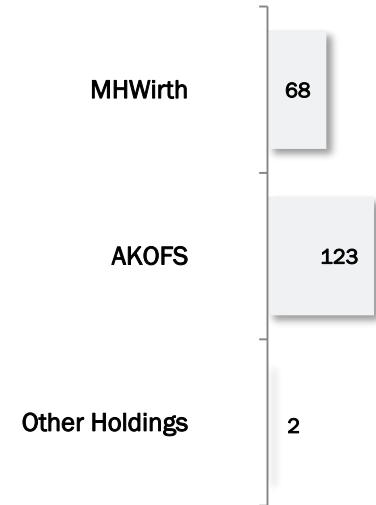


# Highlights

- ✓ Revenue of NOK 873 million, 25 percent growth year-on-year
  - Revenue of NOK 1 153 million inclusive AKOFS Offshore
- ✓ EBITDA from continuing operations NOK 78 million
  - EBITDA of NOK 193 million inclusive AKOFS Offshore
- ✓ Order intake of NOK 4.6 billion including MHWirth contract with Keppel FELS and AKOFS Offshore 5 year contract with Equinor
- ✓ Signed definitive agreements to form joint venture of AKOFS Offshore with Mitsui & Co., Ltd and Mitsui O.S.K. Lines, LTD
- ✓ Invested USD 75 million in preferred equity in Odfjell Drilling

## Akastor EBITDA

NOK 193 million



**EBITDA**  
NOK 193 million

**Net bank debt**  
NOK 1.3 billion

**Order Backlog**  
NOK 9.5 billion

# Portfolio Highlights



- ✓ Signed contract for complete drilling package with Keppel FELS in Q2, end client Awilco Drilling
- ✓ Quarterly revenues up 24% year on year, EBITDA margin 10%
- ✓ Continued challenging drilling market, however positive development within certain niches. Service activity remains stable.



- ✓ Aker Wayfarer with continued strong operations after commencement of contract with Petrobras
- ✓ Skandi Santos with strong operations and revenue utilization in the quarter
- ✓ Entered into 5 year light well intervention contract with Equinor for the AKOFS Seafarer vessel



DOF Deepwater



- ✓ Step Oiltools – marginally positive EBITDA and cash flow
- ✓ NES Global Talent – Growth in number of contractors placed. Akastor's economic interest increased by 2% to around 17% based on earn-out structure
- ✓ First Geo – stable activity with good contribution from certain key contracts
- ✓ Cool Sorption – high activity level with several ongoing projects
- ✓ DOF Deepwater – continued weak market, two out of five vessels on contract
- ✓ Odfjell Drilling – Invested USD 75 million in preferred equity instrument

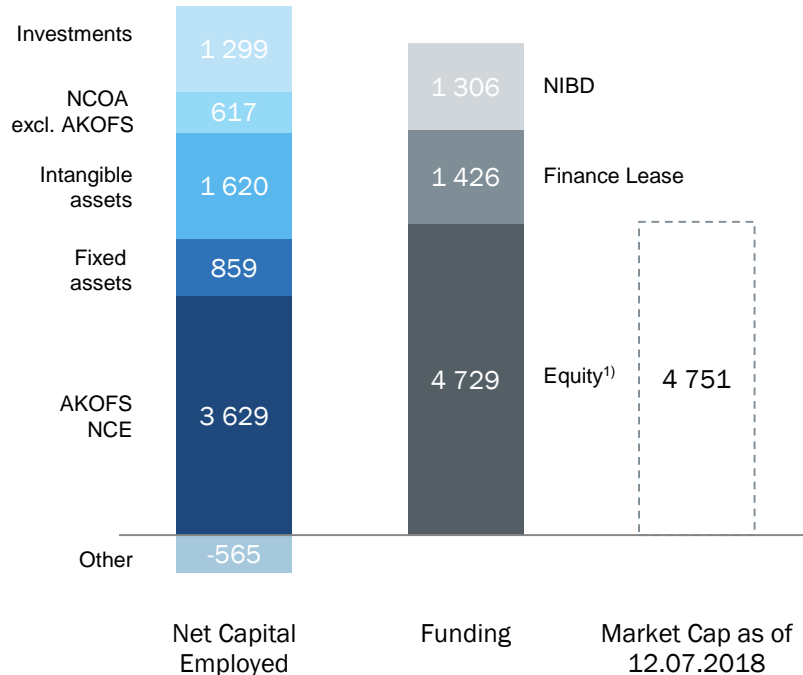
# Condensed Consolidated Income Statement

	Second Quarter		First half		Full Year
<i>NOK million</i>	2018	2017	2018	2017	2017
Operating revenues and other income	873	697	1 754	1 461	3 606
Operating expenses	(795)	(705)	(1 613)	(1 443)	(3 490)
<b>Operating profit before depreciation, amortization and impairment (EBITDA)</b>	<b>78</b>	<b>(7)</b>	<b>141</b>	<b>19</b>	<b>116</b>
Depreciation and amortization	(47)	(70)	(94)	(138)	(278)
Impairment	-	(24)	-	(24)	(118)
<b>Operating profit (loss)</b>	<b>31</b>	<b>(101)</b>	<b>47</b>	<b>(143)</b>	<b>(280)</b>
Net financial items	103	(185)	54	(251)	(406)
<b>Profit (loss) before tax</b>	<b>134</b>	<b>(286)</b>	<b>102</b>	<b>(394)</b>	<b>(686)</b>
Tax income (expense)	(14)	57	(15)	58	(20)
<b>Profit (loss) from continuing operations</b>	<b>121</b>	<b>(229)</b>	<b>86</b>	<b>(336)</b>	<b>(706)</b>
Net profit (loss) from discontinued operations	(372)	(92)	(357)	204	648
<b>Profit (loss) for the period</b>	<b>(251)</b>	<b>(321)</b>	<b>(271)</b>	<b>(132)</b>	<b>(58)</b>

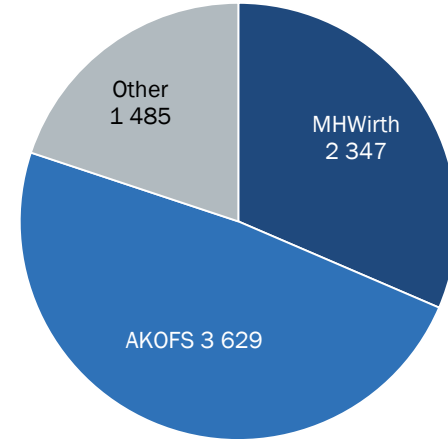
# The Akastor Portfolio

## NET CAPITAL EMPLOYED OF NOK 7.5 BILLION

NOK million



1) Equity excludes cash flow hedge reserve



NET CAPITAL EMPLOYED OF NOK 7.5 billion

# Capital Structure

- ✓ Net bank debt of NOK 1 307 million as of second quarter
  - Gross bank debt of NOK 1 663 million
  - Cash of NOK 356 million
- ✓ Liquidity reserve of NOK 1.0 billion of which undrawn committed credit facilities NOK 0.7 billion

## FUNDING

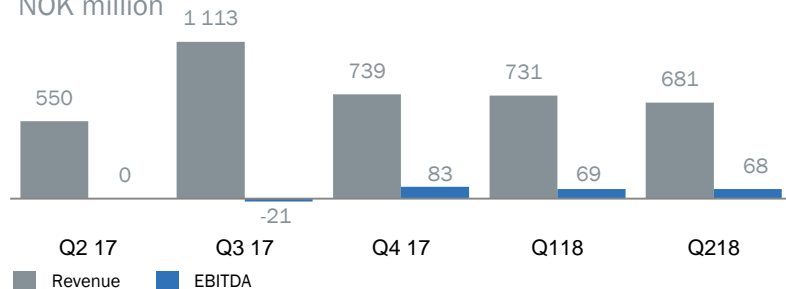
	SIZE	MATURITY	MARGIN
REVOLVING	USD 147 million	July 2019	1.65%–4.5%
REVOLVING	NOK 1 005 million	July 2019	1.65%–4.5%
BRAZIL FACILITY	BRL 66 million	May 2022	7.8% average cost

# MHWirth

- ✓ Revenues of NOK 681 million, up 24% year-on-year
- ✓ EBITDA of NOK 68 million in the quarter;
  - EBITDA margin of 10%
- ✓ Order intake of NOK 1 466 million in the quarter
- ✓ NCOA down NOK 111 million to NOK 671 million from last quarter
- ✓ Order intake included previously announced contract with Keppel FELS for complete drilling package, with contract value of approx. USD 100 million

## Revenue and EBITDA

NOK million

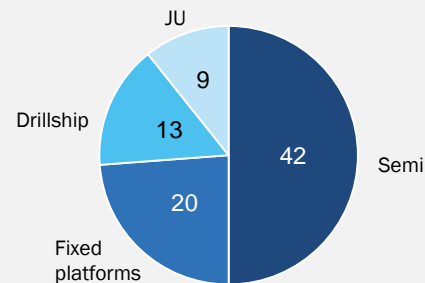


## BUSINESS SPLIT YTD BASED ON REVENUE

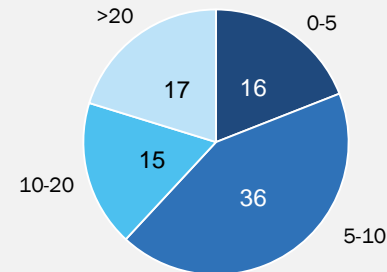


## INSTALLED BASE (84 UNITS)

by type



by age (years)

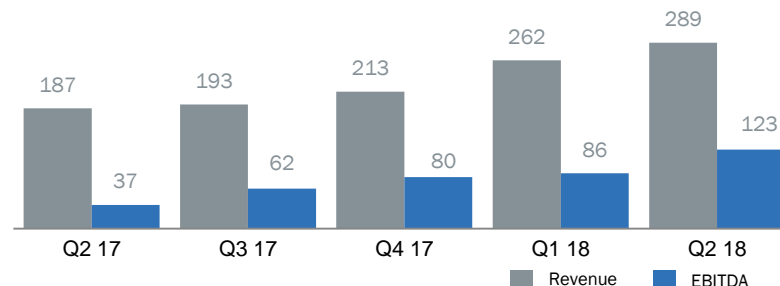


# AKOFS Offshore

- ✓ Revenues of NOK 289 million, EBITDA of NOK 123 million
- ✓ Aker Wayfarer and Skandi Santos operated at near full utilization in the quarter
- ✓ Signed 5 year + 3 year contract with Equinor for AKOFS Seafarer. Contract value approx. USD 370 million. Commencement scheduled in first half of 2020

## Revenue and EBITDA

NOK million



## VESSEL PROGRAM



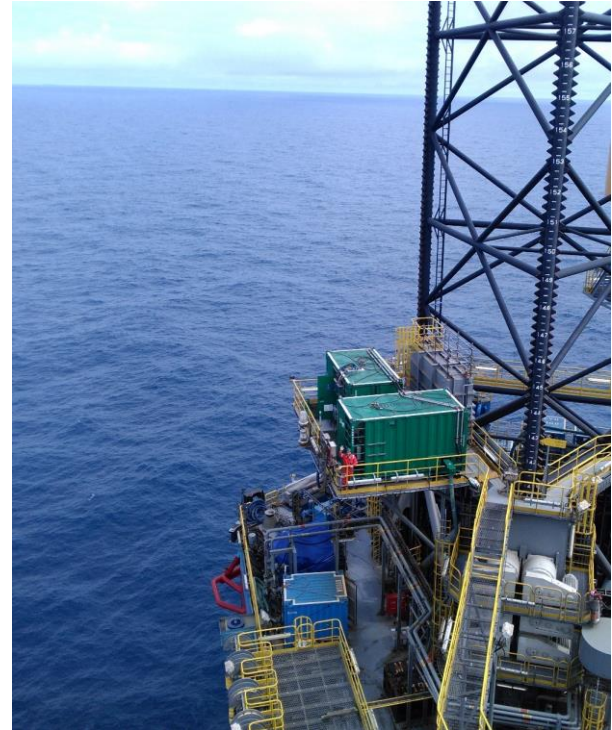
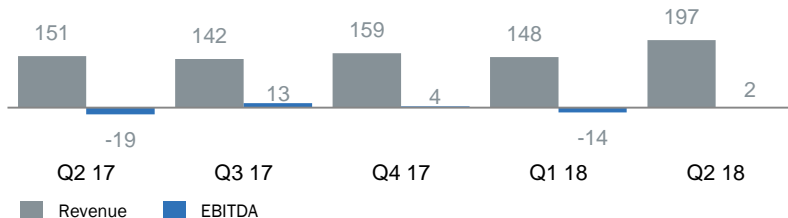


# Other Holdings

- ✓ Step Oiltools – Revenue of NOK 61 million and EBITDA of NOK 1 million in the quarter
- ✓ Cool Sorption – Revenue of NOK 28 million and EBITDA of NOK 3 million in the quarter
- ✓ First Geo – Revenue of NOK 47 million and EBITDA of NOK 10 million in the quarter
- ✓ Odfjell Drilling preferred equity – financial items of NOK 47 million
- ✓ Awilco Drilling shares – financial items of NOK 30 million

## Revenue and EBITDA

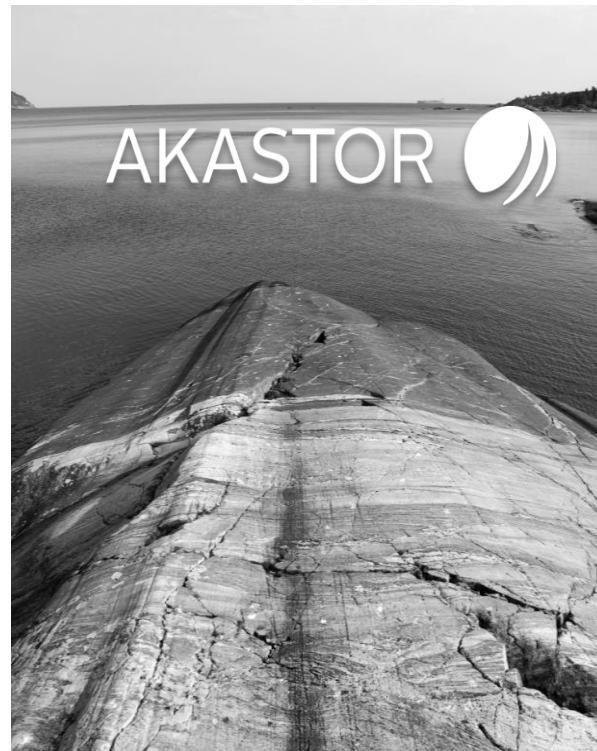
NOK million



# Akastor as an investment company

## Key Focus

- ✓ Continue to focus on developing our portfolio companies
- ✓ M&A: Capitalize on portfolio companies
- ✓ Optimize capital structure



# Additional information

# Condensed Consolidated Statement of Financial Position

<i>NOK million</i>	June 30 2018	December 31 2017
Deferred tax asset	410	661
Intangible assets	1 210	1 435
Property, plant and equipment	859	4 419
Other non-current assets	124	99
Equity accounted investees and other Investments	1 299	546
Non-current interest-bearing receivables	1	1
<b>Total non-current assets</b>	<b>3 905</b>	<b>7 163</b>
Current operating assets	2 879	2 946
Other current assets	11	51
Cash and cash equivalents	356	168
Assets held for sale	3 685	-
<b>Total current assets</b>	<b>6 931</b>	<b>3 165</b>
<b>Total assets</b>	<b>10 836</b>	<b>10 328</b>
Equity attributable to equity holders of Akastor ASA	4 724	5 277
<b>Total equity</b>	<b>4 724</b>	<b>5 277</b>
Deferred tax liabilities	11	10
Employee benefit obligations	331	349
Other non-current liabilities and provisions	317	330
Non-current borrowings	1 628	2 133
<b>Total non-current liabilities</b>	<b>2 287</b>	<b>2 823</b>
Current operating liabilities and provisions	2 268	1 829
Current borrowings	35	399
Liabilities held for sale	1 523	-
<b>Total current liabilities</b>	<b>3 826</b>	<b>2 228</b>
<b>Total liabilities and equity</b>	<b>10 836</b>	<b>10 328</b>

# Condensed Consolidated Statement of Cash flows

<i>NOK million</i>	Second Quarter		First half		Full Year
	2018	2017	2018	2017	2017
Profit (loss) for the period	(251)	(321)	(271)	(132)	(58)
(Profit) loss for the period – discontinued operations	372	92	357	(204)	(648)
Depreciation, amortization and impairment – continuing operations	47	94	94	162	396
Other adjustments for non-cash items and changes in operating assets and liabilities	51	(86)	120	(436)	(363)
<b>Net cash from operating activities</b>	<b>219</b>	<b>(222)</b>	<b>300</b>	<b>(609)</b>	<b>(673)</b>
Acquisition of property, plant and equipment	(5)	(7)	(21)	(20)	(70)
Payments for capitalized development	(3)	(9)	(4)	(12)	(27)
Proceeds (payments) related to sale of subsidiaries, net of cash	1	-	(11)	(41)	921
Cash flow from other investing activities	(576)	7	(659)	(59)	(33)
<b>Net cash from investing activities</b>	<b>(584)</b>	<b>(8)</b>	<b>(695)</b>	<b>(132)</b>	<b>790</b>
Changes in external borrowings	622	111	600	435	(391)
<b>Net cash from financing activities</b>	<b>622</b>	<b>111</b>	<b>600</b>	<b>435</b>	<b>(391)</b>
Effect of exchange rate changes on cash and cash equivalents	(69)	(6)	(17)	9	(45)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>188</b>	<b>(125)</b>	<b>188</b>	<b>(298)</b>	<b>(319)</b>
Cash and cash equivalents at the beginning of the period	168	315	168	487	487
<b>Cash and cash equivalents at the end of the period</b>	<b>356</b>	<b>189</b>	<b>356</b>	<b>189</b>	<b>168</b>

# Key Figures

## AKASTOR GROUP

<i>NOK million</i>	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	YTD 2018
Operating revenue and other income	697	1 249	895	881	873	1 754
EBITDA	(7)	1	96	63	78	141
EBIT	(101)	(160)	23	16	31	47
CAPEX and R&D capitalization	15	30	35	17	8	25
NCOA	1 228	1 162	1 043	925	834	834
Net capital employed	8 250	7 749	7 566	7 196	7 461	7 461
Order intake	746	1 149	1 302	1 042	4 570	5 612
Order backlog	7 112	6 373	6 865	6 462	9 540	9 540
Employees	2 067	2 043	2 015	1 991	1 970	1 970

# Split per Company

## MHWIRTH

<i>NOK million</i>	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	YTD 2018
Operating revenue and other income	550	1 113	739	731	681	1 412
EBITDA	-	(21)	83	69	68	137
EBIT	(71)	(160)	33	37	36	72
CAPEX and R&D capitalization	8	16	19	4	8	11
NCOA	1 119	1 086	995	782	671	671
Net capital employed	3 200	3 079	2 783	2 499	2 347	2 347
Order intake	612	1 000	1 134	728	1 466	2 191
Order backlog	1 409	1 299	1 718	1 709	2 504	2 504
Employees	1 535	1 470	1 456	1 437	1 412	1 412

# Split per Company

## AKOFS OFFSHORE <sup>1)</sup>

<i>NOK million</i>	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	YTD 2018
Operating revenue and other income	187	193	213	262	289	551
EBITDA	37	62	80	86	123	209
EBIT	(46)	(25)	(2)	7	(280)	(273)
CAPEX and R&D capitalization	7	6	15	11	-	10
NCOA	221	225	186	238	217	217
Net capital employed	4 307	3 994	4 154	3 954	3 629	3 629
Order intake	(4)	9	12	(26)	2 936	2 910
Order backlog	5 439	4 858	4 917	4 340	6 633	6 633
Employees	113	173	180	185	186	186

<sup>1)</sup> AKOFS Offshore is classified as discontinued operations in the consolidated accounts (except for the existing joint venture Avium Subsea AS), following agreements to divest Akastor's 50 percent ownership.



# Split per Company

## OTHER HOLDINGS

<i>NOK million</i>	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	YTD 2018
Operating revenue and other income	151	142	159	148	197	345
EBITDA	(19)	13	4	(14)	2	(12)
EBIT	(41)	(8)	(20)	(29)	(13)	(42)
CAPEX and R&D capitalization	-	7	1	3	1	4
NCOA	(112)	(149)	(138)	(95)	(54)	(54)
Net capital employed	744	677	628	743	1 485	1 485
Order intake	143	146	164	345	174	520
Order backlog	269	218	231	416	404	404
Employees	420	400	379	369	372	372

# AKASTOR



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