

First Quarter Results 2018

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Fornebu | May 3, 2018



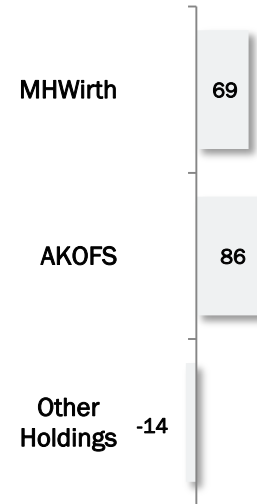
AKASTOR

Highlights

- ✓ EBITDA of NOK 140 million
- ✓ Net bank debt of NOK 0.8 billion, cash and undrawn credit facilities of NOK 1.6 billion
- ✓ Order intake of NOK 1.0 billion
- ✓ MHWirth awarded drilling package with Keppel FELS in April, contract value USD ~100 million

EBITDA

NOK 140 million



EBITDA

NOK 140 million

Net debt

NOK 2.2 billion

Order Backlog

NOK 6.5 billion

Portfolio Highlights



- ✓ Signed contract for drilling package with Keppel FELS, end client Awilco Drilling
- ✓ Drilling market recovering slowly, but service activity remains stable
- ✓ Quarterly revenues up 17% year on year, EBITDA margin 9%



- ✓ Good start of operations for Aker Wayfarer, commenced 5 + 5 year contract with Petrobras 1st of January 2018
- ✓ Skandi Santos somewhat low revenue utilization in the quarter
- ✓ Seafarer remains idle



DOF Deepwater



- ✓ Step Oiltools – more stable, but still weak markets, good order intake in the quarter
- ✓ NES Global Talent – improved contract activity with increasing number of contractors placed
- ✓ First Geo – stable contract activity with continued pressure on margins
- ✓ Cool Sorption – new contract for the supply of a custom Vapor Recovery Unit for marine application
- ✓ DOF Deepwater – weak market, two out of five vessels on long term contracts

M&A activity

- capitalizing on and strengthening existing portfolio



USD 10 million investment

- ✓ Subscribed in Awilco Drilling private placement at a share price of NOK 29
- ✓ Net proceeds will be used to finance new semisubmersible drilling rig for harsh environment use to be built by Keppel FELS



Forming 50-50 joint venture with Mitsui & Co

- ✓ Aiming at finalizing definitive agreements in Q2
- ✓ Expected to result in net cash release of USD 142 million for 50% of shares in AKOFS Offshore



USD 75 million investment in perpetual preferred equity

Key terms:

- ✓ **Instrument:** Perpetual preferred equity
- ✓ **Amount:** USD 75 million
- ✓ **Tenor:** Perpetual
- ✓ **Amortization:** None

Commercial terms:

- ✓ **Commitment fee:** USD 5.75 million
- ✓ **Dividend:** 5% cash + 5 % PIK p.a.
- ✓ **Call price:** 125% year 2, 120% year 3, 115% year 4, 110% year 5, 105% year 6, 100% thereafter
- ✓ **Cash dividend step-up:** 8% p.a. from year 7 and additional 1% step-up p.a. until max dividend of 10% p.a.
- ✓ **Warrants:** Warrants to receive up to 5,925,000 shares in ODL; annually if shares price increases 20% p.a., or partially depending on share price in year 6
- ✓ **Other:** Certain rights and covenants in favour of Akastor

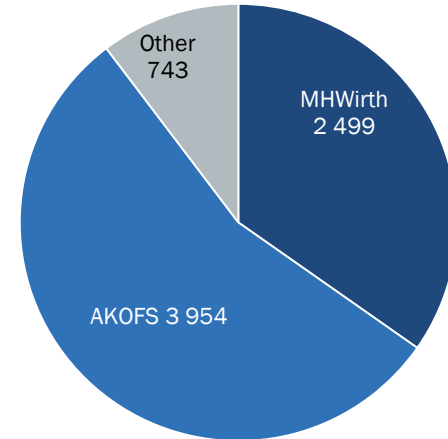
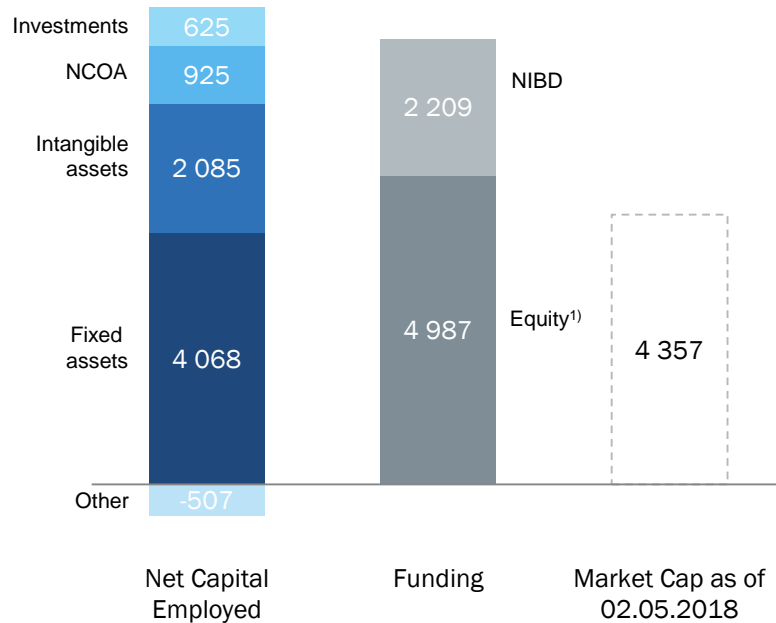
Condensed Consolidated Income Statement

<i>NOK million</i>	First Quarter		Full Year
	2018	2017	2017
Operating revenues and other income	1 135	943	4 348
Operating expenses	(995)	(890)	(4 055)
Operating profit before depreciation, amortization and impairment (EBITDA)	140	53	293
Depreciation and amortization	(125)	(150)	(612)
Impairment	-	-	(118)
Operating profit (loss)	15	(96)	(438)
Net financial items	(87)	(135)	(774)
Profit (loss) before tax	(72)	(231)	(1 212)
Tax income (expense)	32	42	106
Profit (loss) from continuing operations	(40)	(189)	(1 106)
Net profit from discontinued operations	21	378	1 049
Profit (loss) for the period	(19)	189	(58)

The Akastor Portfolio

NET CAPITAL EMPLOYED OF NOK 7.2 BILLION

NOK million



NET CAPITAL EMPLOYED OF NOK 7.2 billion

1) Equity excludes cash flow hedge reserve

Capital Structure

- ✓ Net debt of NOK 2 210 million as of first quarter
 - Gross Debt of NOK 2 378 million, of which financial lease NOK 1 381 million and bank debt NOK 997 million
 - Cash of NOK 168 million
- ✓ Liquidity reserve of NOK 1.6 billion of which undrawn committed credit facilities NOK 1.4 billion

FUNDING

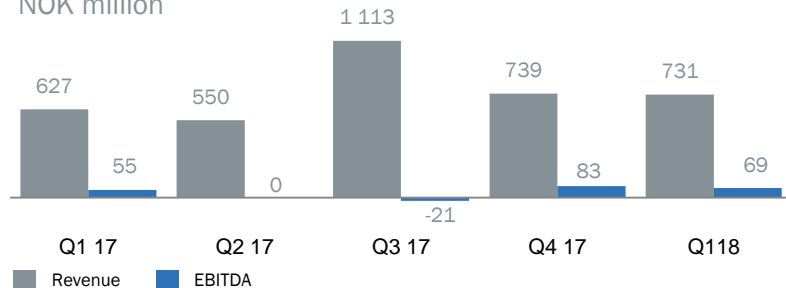
	SIZE	MATURITY	MARGIN
REVOLVING	USD 147 million	July 2019	1.65%–4.5%
REVOLVING	NOK 1 005 million	July 2019	1.65%–4.5%
BRAZIL FACILITY	BRL 72 million	May 2022	7.8% average cost

MHWirth

- ✓ Revenues of NOK 731 million in the quarter, up 17% y-o-y
- ✓ EBITDA of NOK 69 million in the quarter;
 - EBITDA margin of 9%, same as last year
- ✓ Order intake of NOK 724 million
- ✓ NCOA down NOK 213 million to NOK 782 million from last quarter
- ✓ Awarded a contract with Keppel FELS in April for complete drilling package, with options for further 3 packages. The contract value approx. USD 100 million

Revenue and EBITDA

NOK million

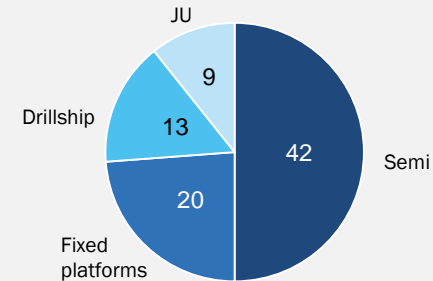


BUSINESS SPLIT YTD BASED ON REVENUE

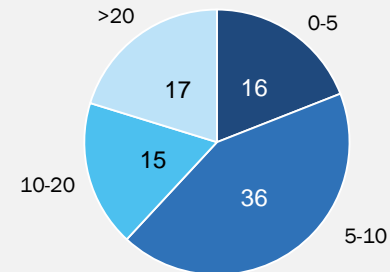


INSTALLED BASE (84 UNITS)

by type



by age (years)

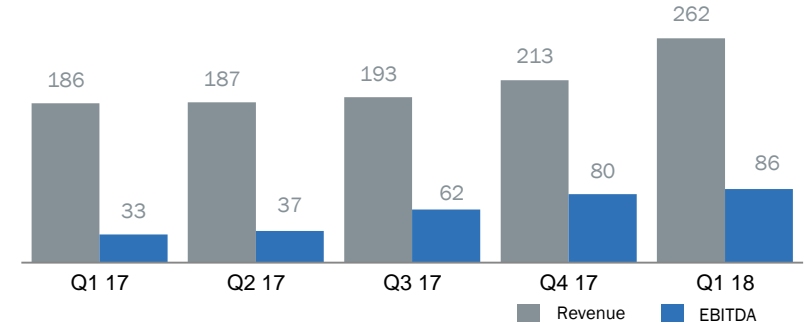


AKOFS Offshore

- ✓ Aker Wayfarer with good start of operations, commenced 5+5 year contract with Petrobras on 1st January
- ✓ Revenues of NOK 262 million, up 41% y-o-y
- ✓ EBITDA of NOK 86 million, vs NOK 33 million Q1 last year
- ✓ Skandi Santos somewhat weak revenue utilization in the quarter
- ✓ AKOFS Seafarer remains idle

Revenue and EBITDA

NOK million



VESSEL PROGRAM

Vessel unit	Contract Status				
	2018	2019	2020	2021	2022
Skandi Santos	Contract period				
AKOFS Seafarer					
Aker Wayfarer	Contract period				

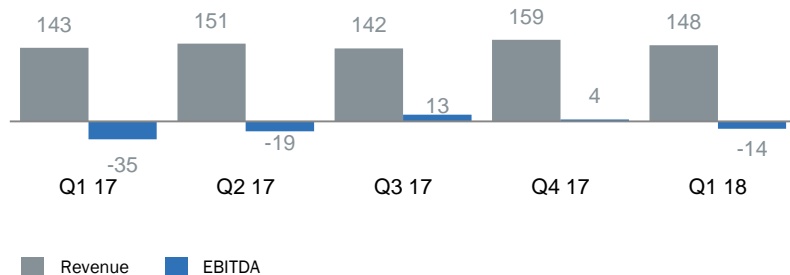
■ Contract period

Other Holdings

- ✓ Step Oiltools – Revenue of NOK 53 million and EBITDA of NOK 2 million in the quarter
- ✓ Cool Sorption – Revenue of NOK 17 million and EBITDA of NOK 0 million in the quarter
- ✓ First Geo – Revenue of NOK 32 million and EBITDA of NOK 3 million in the quarter

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>	March 31 2018	December 31 2017
Deferred tax asset	697	661
Intangible assets	1 387	1 435
Property, plant and equipment	4 068	4 419
Other non-current assets	115	99
Equity accounted investees and other Investments	625	546
Non-current interest-bearing receivables	1	1
Total non-current assets	6 895	7 163
Current operating assets	2 678	2 946
Other current assets	50	51
Cash and cash equivalents	168	168
Total current assets	2 895	3 165
Total assets	9 790	10 328
Equity attributable to equity holders of Akastor ASA	5 002	5 277
Total equity	5 002	5 277
Deferred tax liabilities	12	10
Employee benefit obligations	338	349
Other non-current liabilities and provisions	323	330
Non-current borrowings	1 889	2 133
Total non-current liabilities	2 562	2 823
Current operating liabilities and provisions	1 737	1 829
Current borrowings	489	399
Total current liabilities	2 226	2 228
Total liabilities and equity	9 790	10 328

Significant updates:

- On April 9, 2018, the South Korea Branch of MHWirth AS received an official decision letter that the VAT claim from the Seoul Regional Tax Office (SRT0) was finally resolved in favour of MHWirth's position. Please refer to Note 36 in Akastor's Annual Report 2017.

Condensed Consolidated Statement of Cash flows

<i>NOK million</i>	First Quarter		Full Year
	2018	2017	2017
Profit (loss) for the period	(19)	189	(58)
(Profit) loss for the period – discontinued operations	(21)	(378)	(1 049)
Depreciation, amortization and impairment – continuing operations	125	150	730
Other adjustments for non-cash items and changes in operating assets and liabilities	(5)	(348)	(297)
Net cash from operating activities	81	(387)	(673)
Acquisition of property, plant and equipment	(16)	(13)	(70)
Payments for capitalized development	(2)	(3)	(27)
Proceeds from sale of subsidiaries, net of cash	(12)	(42)	921
Cash flow from other investing activities	(82)	(66)	(33)
Net cash from investing activities	(111)	(124)	790
Changes in external borrowings	(22)	324	(391)
Net cash from financing activities	(22)	324	(391)
Effect of exchange rate changes on cash and cash equivalents	52	15	(45)
Net increase (decrease) in cash and cash equivalents	-	(172)	(319)
Cash and cash equivalents at the beginning of the period	168	487	487
Cash and cash equivalents at the end of the period	168	315	168

Net Financial Items

<i>NOK million</i>	First Quarter		Full Year
	2018	2017	2017
Net interest expenses on financial liabilities measured at amortized costs	(17)	(27)	(106)
Financial charges under finance leases	(56)	(73)	(265)
Profit (loss) on foreign currency forward contracts	(1)	-	(111)
Profit (loss) from equity accounted investees	(26)	(70)	(212)
Gain (loss) from disposal of external investments	-	-	21
Unrealized gain (loss) on equity instruments at fair value	12	-	-
Net foreign exchange gain (loss)	(7)	37	(92)
Other financial expenses	8	(1)	(9)
Net financial items	(87)	(135)	(774)

Alternative Performance Measures

Akastor discloses alternative performance measures as a supplement to the consolidated financial statements prepared in accordance with IFRS. Such performance measures are used to provide an enhanced insight into the operating performance, financing abilities and future prospects of the group.

These measures are calculated in a consistent and transparent manner and are intended to provide enhanced comparability of the performance from period to period. It is Akastor's experience that these measures are frequently used by securities analysts, investors and other interested parties.

- **EBITDA** - earnings before interest, tax, depreciation and amortization, corresponding to "Operating profit before depreciation, amortization and impairment" in the consolidated income statement.
- **EBIT** - earnings before interest and tax, corresponding to "Operating profit (loss)" in the consolidated income statement
- **Capex and R&D capitalization** - a measure of expenditure on PPE or intangible assets that qualify for capitalization
- **Order intake** - represents the estimated contract value from the contracts or orders that are entered into or committed in the reporting period
- **Order backlog** - represents the remaining unearned contract value from the contracts or orders that are already entered into or committed at the reporting date

Alternative Performance Measures

- **Net current operating assets (NCOA)** - a measure of working capital. It is calculated by current operating assets minus current operating liabilities, excluding financial assets or financial liabilities related to hedging activities
- **Net capital employed** - a measure of all assets employed in the operation of a business. It is calculated by net current operating assets added by non-current assets and other current assets (excluding non-current interest bearing receivables), minus deferred tax liabilities, employee benefit obligations and other non-current liabilities

<i>NOK million</i>	March 31 2018	December 31 2017
Current operating assets	2 678	2 946
Less:		
Current operating liabilities	1 737	1 829
Net financial assets (liabilities)	16	74
Net current operating assets	925	1 043
Plus:		
Total non-current assets	6 895	7 163
Other current assets	50	51
Less:		
Non-current interest-bearing receivables	1	1
Deferred tax liabilities	12	10
Employee benefit obligations	338	349
Other non-current liabilities	323	330
Net capital employed	7 196	7 566

Alternative Performance Measures

- **Gross debt** - sum of current and non-current borrowing
- **Net debt** - gross debt minus cash and cash equivalents
- **Net bank debt** - Net debt minus liabilities related to financial lease
- **Net interest-bearing debt (NIBD)** - net debt minus non-current and current interest bearing receivables
- **Equity ratio** - a measure of investment leverage, calculated as total equity divided by total assets at the reporting date
- **Liquidity reserve** - comprises cash and cash equivalents and undrawn committed credit facilities

<i>NOK million</i>	March 31 2018	December 31 2017
Total equity	5 002	5 277
Divided by Total assets	9 790	10 328
Equity ratio	51%	51%
Cash and cash equivalents	168	168
Undrawn committed credit facilities	1 400	1 400
Liquidity reserve	1 568	1 568

<i>NOK million</i>	March 31 2018	December 31 2017
Non-current borrowings	1 889	2 133
Current borrowings	489	399
Gross debt	2 378	2 533
Less:		
Cash and cash equivalents	168	168
Net debt	2 210	2 364
Less:		
Finance lease liabilities	1 381	1 494
Net bank debt	829	871
Net debt	2 210	2 364
Less:		
Non-current interest-bearing receivables	1	1
Net interest-bearing debt (NIBD)	2 209	2 363

Key Figures

AKASTOR GROUP (continuing operations)

<i>NOK million</i>	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	2017
Operating revenue and other income	943	873	1 433	1 098	1 135	4 348
EBITDA	53	18	54	167	140	293
EBIT	(96)	(159)	(194)	11	15	(438)
CAPEX and R&D capitalization	15	15	30	35	17	95
NCOA	1 268	1 228	1 162	1 043	925	1 043
Net capital employed	8 333	8 250	7 749	7 566	7 196	7 566
Order intake	643	746	1 149	1 302	1 042	3 841
Order backlog	7 295	7 112	6 373	6 865	6 462	6 865
Employees	2 178	2 067	2 043	2 015	1 991	2 015

Split per Company

MHWIRTH

<i>NOK million</i>	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	2017
Operating revenue and other income	627	550	1 113	739	731	3 030
EBITDA	55	-	(21)	83	69	118
EBIT	9	(71)	(160)	33	37	(189)
CAPEX and R&D capitalization	3	8	16	19	4	46
NCOA	1 250	1 119	1 086	995	782	995
Net capital employed	3 338	3 200	3 079	2 783	2 499	2 783
Order intake	466	612	1 000	1 134	728	3 212
Order backlog	1 325	1 409	1 299	1 718	1 709	1 718
Employees	1 648	1 535	1 470	1 456	1 437	1 456

Split per Company

AKOFS OFFSHORE

<i>NOK million</i>	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	2017
Operating revenue and other income	186	187	193	213	262	778
EBITDA	33	37	62	80	86	213
EBIT	(48)	(46)	(25)	(2)	7	(121)
CAPEX and R&D capitalization	12	7	6	15	11	40
NCOA	192	221	225	186	238	186
Net capital employed	4 372	4 307	3 994	4 154	3 954	4 154
Order intake	6	(4)	9	12	(26)	22
Order backlog	5 672	5 439	4 858	4 917	4 340	4 917
Employees	106	113	173	180	185	180

Split per Company

OTHER HOLDINGS

<i>NOK million</i>	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	2017
Operating revenue and other income	143	151	142	159	148	596
EBITDA	(35)	(19)	13	4	(14)	(38)
EBIT	(58)	(41)	(8)	(20)	(29)	(127)
CAPEX and R&D capitalization	-	-	7	1	3	9
NCOA	(175)	(112)	(149)	(138)	(95)	(138)
Net capital employed	624	744	677	628	743	628
Order intake	173	143	146	164	345	626
Order backlog	272	269	218	231	416	231
Employees	424	420	400	379	369	379

AKASTOR



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