

Akastor ASA

Investor Presentation



AKASTOR

August 2020

Akastor at a glance



Listed investment company established in 2014 with a portfolio of industrial and financial holdings



Flexible mandate for active ownership and long-term value creation in the oilfield services sector

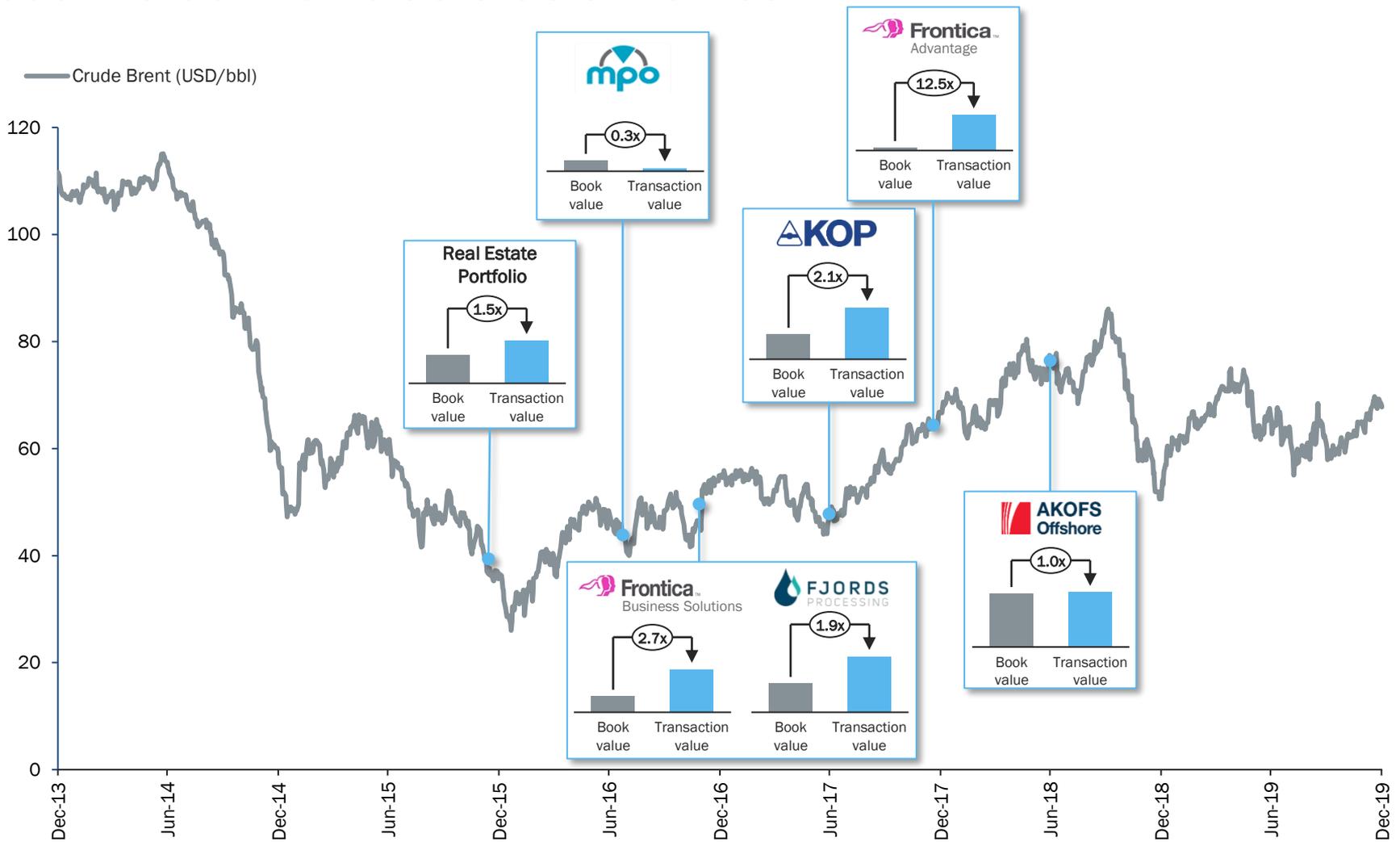


Current portfolio of industrial investments employs more than 2 300 people globally and has a combined turnover of more than NOK 5bn



Conducted 14 transactions which of 7 was divestments with a total transaction value of USD 630 million

Akastor has a track-record of divesting most companies above book value in a volatile O&G market



Note: values in NOK million

Akastor portfolio consists of both industrial and financial investments

Industrial investments

	Leading global provider of first-class drilling systems, products and services	100%
	Global provider of subsea well construction and intervention services	50%
	Global provider of well design and drilling project management, HSEQ, reservoir and field management services	64% ¹⁾
	Supplier of vapour recovery technology, systems and services to O&G installations	100%

Financial investments

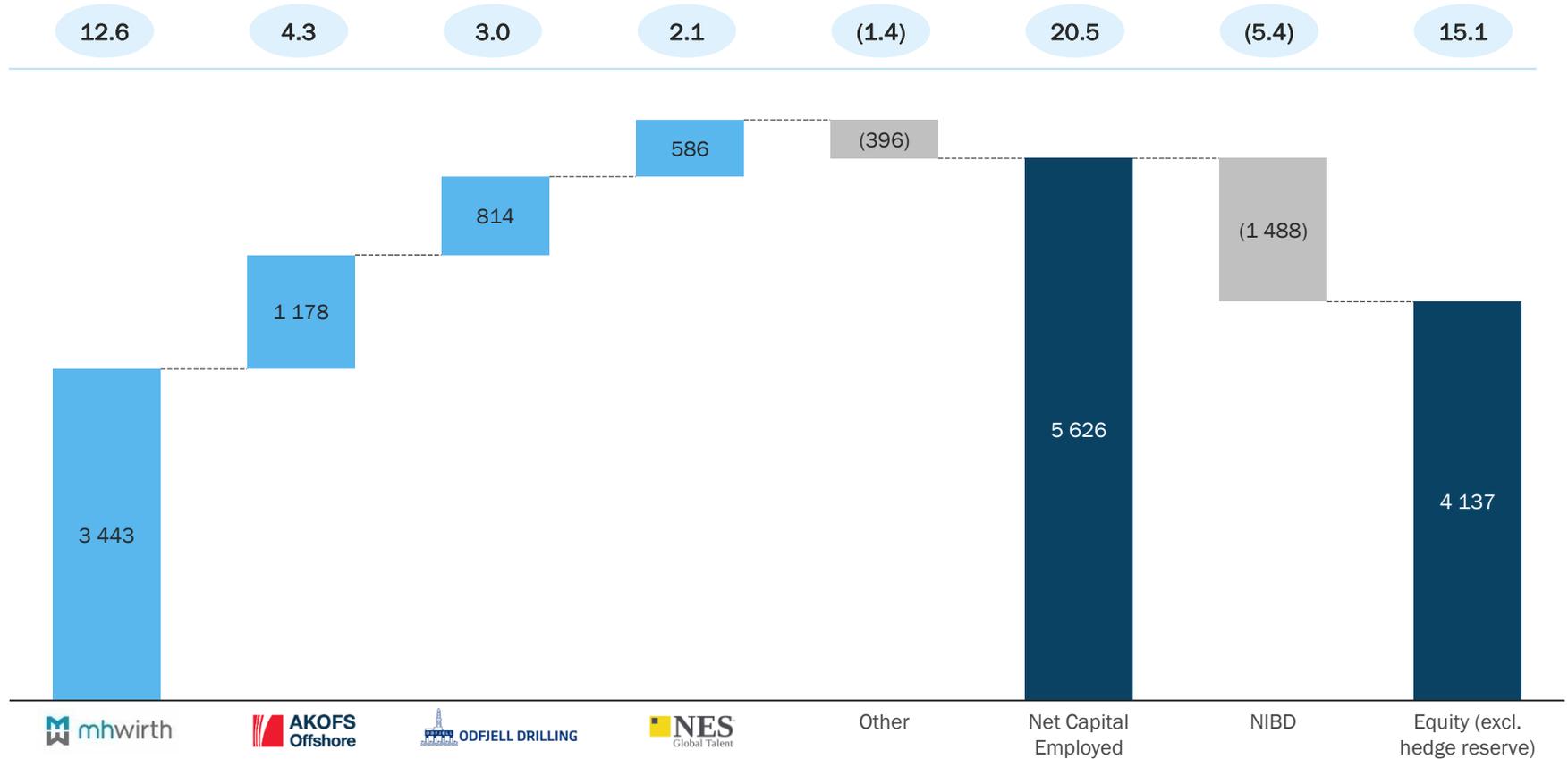
	Global O&G manpower specialist	17%
	International drilling, well service and engineering company with 2 000 employees and operations in more than 20 countries	USD 75m preferred equity
	Company owning 5 mid-sized AHTS vessels operated by DOF ASA	50%
	North Sea Drilling Contractor, owning and operating Harsh Environment Semi-Submersible rigs	5.6%

1) Economic ownership | 100% legal ownership

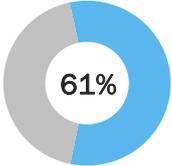
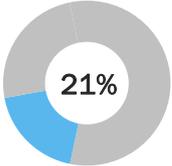
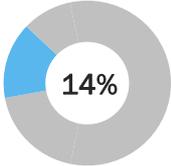
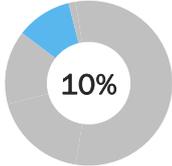
Our capital employed consist of mainly four investments

Net Capital Employed as per 2Q 2020 (NOK million)

Book value per share



Key value drivers for our main portfolio assets

			
<p>NCE per 2Q 2020: NOK 3 443m</p>  <p>61%</p>	<p>NCE per 2Q 2020: NOK 1 178m</p>  <p>21%</p>	<p>NCE per 2Q 2020: NOK 814m</p>  <p>14%</p>	<p>NCE per 2Q 2020: NOK 586m</p>  <p>10%</p>
<p>Ownership agenda:</p> <ul style="list-style-type: none"> Buy-and-build strategy with targeted IPO 	<p>Ownership agenda:</p> <ul style="list-style-type: none"> Secure order backlog and explore strategic initiatives 	<p>Ownership agenda:</p> <ul style="list-style-type: none"> Maximize return on instrument (preferred equity + warrants) 	<p>Ownership agenda:</p> <ul style="list-style-type: none"> Continue to grow the company organically and through M&A to maximize value at exit
<p>Key value drivers:</p> <ul style="list-style-type: none"> Reactivation of stacked rigs driving service and product revenue Increased focus on digital and automation solutions driving sale of new products and services Value enhancing M&A transactions 	<p>Key value drivers:</p> <ul style="list-style-type: none"> Successful contract commencement for AKOFS Seafarer Maintain all vessels on contract Increased LWI activity (P&A, XT installations, and intervention operations) 	<p>Key value drivers:</p> <ul style="list-style-type: none"> <i>Preferred payments:</i> continued strong order backlog and modest leverage <i>Warrants:</i> improved rig fundamentals 	<p>Key value drivers:</p> <ul style="list-style-type: none"> Demand for specialized contractors in industries such as Oil & Gas, Life Sciences and Power & Renewables

Global leader of integrated drilling solutions and services

MHWirth at a glance

 <p>HQ in Kristiansand (Norway)</p>	 <p>~1,600 employees</p>	 <p>Strong engineering capabilities with 40+yrs experience</p>
 <p>Facilities in 19 countries and 37 locations</p>	 <p>500+ installations with MHW equipment</p>	 <p>In-house developed software for digital drilling solutions</p>

- Global provider of integrated drilling solutions and services with world class technology, leading engineering and project management capabilities
- Delivered ~25% of all offshore drilling packages for floaters between years 2000 and 2018 (86 full package offshore rigs)
- ~1,600 professionals covering five continents in 19 countries and 37 locations, HQ in Kristiansand (Norway)
- MHWirth is 100% owned by Akastor ASA, a publicly listed oil service investment company and part of the Aker Group of companies

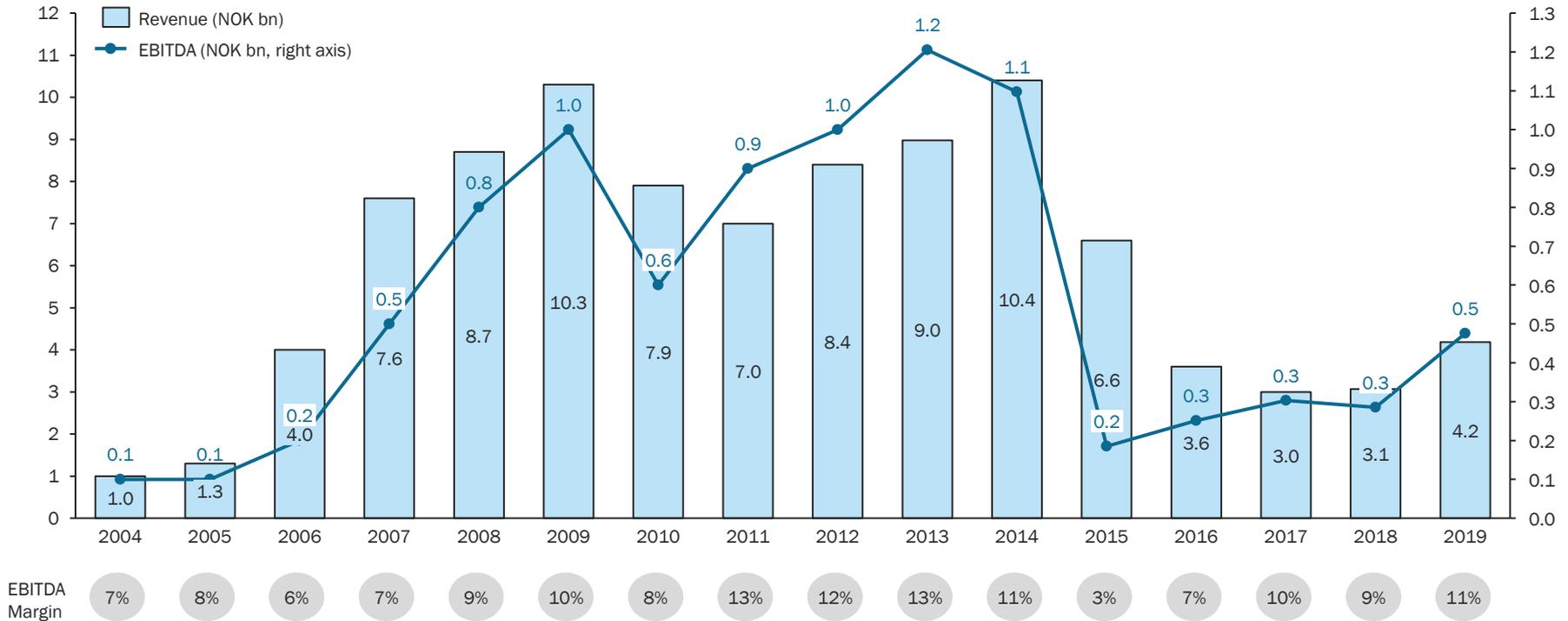
Key offering

MhWirth		Frontica ENGINEERING	STEP OILTOOLS
			
			
Drilling Rig Packages	Drilling Equipment	DLS	Digital Technology
Complete drilling rig packages; Design & Project Execution	Product deliveries to offshore, onshore and non-oil (e.g. mining & civil)	Aftermarket service, spare parts, overhaul and training to global rig fleet	Digital solutions/software for enhanced drilling efficiency
			Engineering services
			Feasibility, concept, FEED and detailed engineering for the offshore industry
			Drilling Waste Mgmt.
			Drilling Waste Management products and services

Oilcos								
Rigcos								
Yards								

MHWirth managed to successfully navigate through the down cycle

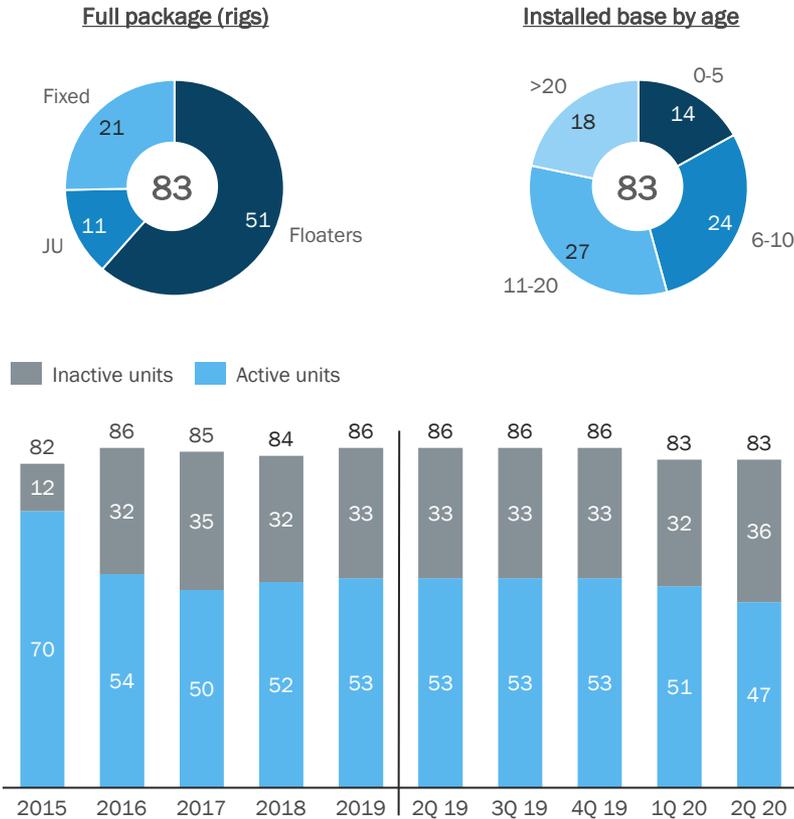
MHWirth revenue vs EBITDA 2004-2019 (NOKbn)



Historical financials affected by cyclical newbuild sales. Over the cycle revenue estimated in the range NOK 6-8bn p.a.

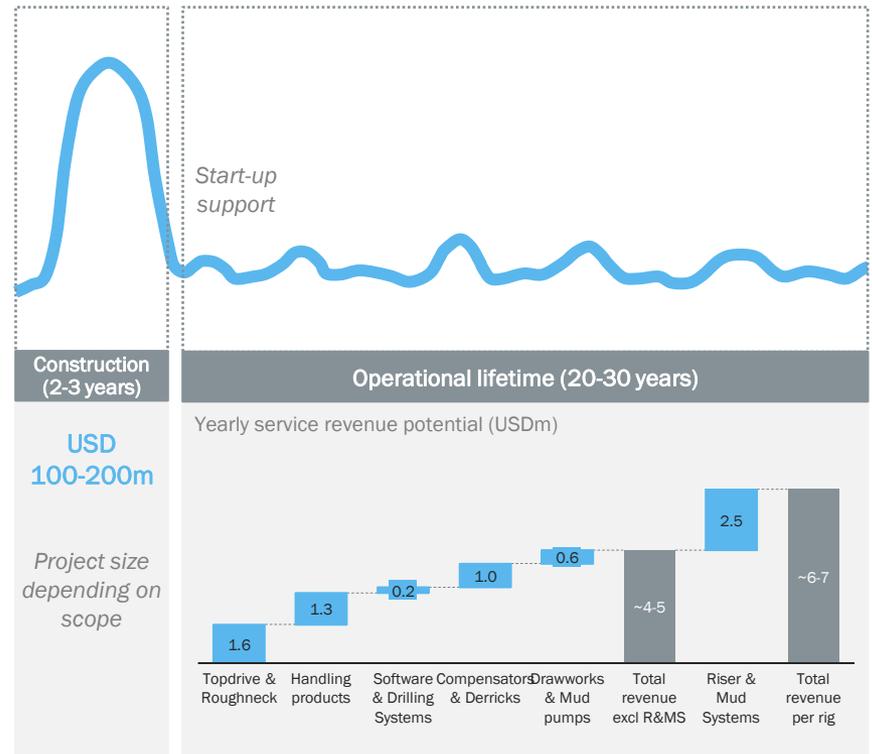
Well established after market sales with recurring service revenue

Young installed base of full package rigs...

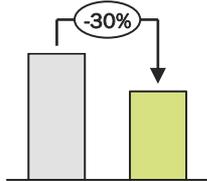


...with substantial recurring lifecycle services

Revenue potential throughout a drilling floater's lifetime



Digital solutions and automation drives demand for MHWirth's Products and Services

Enhanced Drilling Efficiency				Improved cost		Environmental footprint	
Drillfloor Automation	Drilling Automation	Performance Optimization	Digitalization of drilling dataflow	Maintenance Optimization	Product improvements	Greener Drilling	
							
<p>MHW DEAL – leading technology for open interface of integration of “smart” modules and Automatic Drilling Control</p>  <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Adaptive automation of key drilling operations</p> <ul style="list-style-type: none"> ▪ Tripping ▪ Riser handling ▪ Casing running <p>The new CADS 2.0 secures easy, consistent and efficient operations</p> </div> <div style="width: 45%;"> <p>Integrating well operations with the top side</p> <ul style="list-style-type: none"> ▪ Awareness tools ▪ Well protection ▪ Well logistics <p>Smart modules from MHWirth are built to facilitate automated drilling and well operations</p> </div> </div>				<p>Incentive-based maintenance contracts</p> <ul style="list-style-type: none"> ✓ Predictable maintenance cost ✓ Less unplanned stops <p>RiCon – CBM program for drilling risers</p> <ul style="list-style-type: none"> ✓ Total lifecycle costs reduced by 20-40% ✓ Continuous ABS and DNV certification 		<p>MH-RNX™ - new generation iron roughneck designed to reduce OPEX and increase drilling efficiency</p> <p>New generation of Click Riser Technology saving up to 200 hrs pr. year</p>	<p>Fuel consumption</p>  <p>Vintage semi New RamRig</p> <p>New digital technology reduces well construction time</p> <p>3rd generation RamRig™ with lowest in class installed power</p>

Highly experienced management team with growth ambitions

Hired new management team in 2019...



Merril A. "Pete" Miller Jr
Executive CoB

Mr Miller has more than 40 years of experience from the oil service industry. He is currently, among others, chairman of Ranger Energy Services and board member of Chesapeake Energy and Borets International.

Other previous experience includes:

- President and CEO of National Oilwell Varco, a supplier of oilfield services and equipment to the oil and gas industry from 2001 to 2014
- 15 years at Helmerich & Payne International Drilling Company in various senior management positions



Eirik Bergsvik
CEO

Mr Bergsvik has more than 35 years of experience from the oil service industry and previously served the board of MHWirth from 2014 to 2017.

Other previous experience includes:

- CEO of Interwell AS, a leading supplier of down hole products for oil companies from 2011-2017
- Managing Director of National Oilwell Norway AS, a supplier of oilfield services and equipment to the oil and gas industry from 2006 to 2011

...to deliver on MHWirth new ambitious growth plan



Complement product portfolio and expand geographically



Build full suite of onshore products, rig structures and repair for international and North American markets



Build an integrated manufacturer of aftermarket spares, and parts with a service arm while consolidating the supply chain

MHWirth has a robust business model with upside potential

1

Leading drilling equipment provider that has successfully navigated through the down cycle

2

Large installed base generating recurring service revenue

3

Need for efficiency gains and automation driving demand for MHWirth's Products and Services

4

Potential upside from projects and single equipment segments

5

Highly experienced management team with growth ambitions



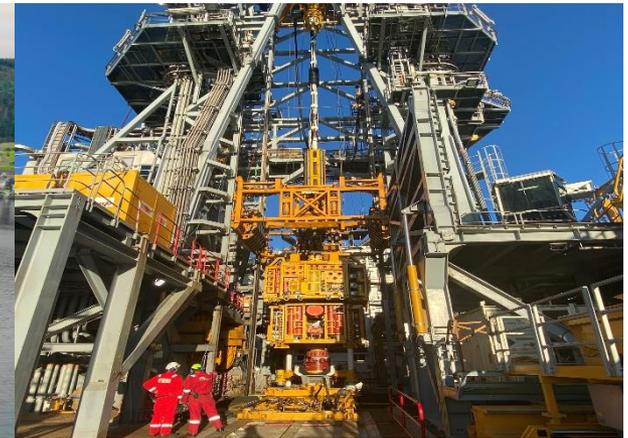
International offshore energy services company, with focus on subsea well construction and well intervention services

AKOFS Offshore at a glance

- AKOFS Offshore is a global provider of vessel-based subsea well construction and intervention services to the O&G industry
- Operates a fleet of 3 state-of-the-art vessels with Subsea Intervention and Well Intervention topsides
- ~200 employees of which ~50 are onshore
- HQ in Oslo with operations in Stavanger and Macaè (Brazil)
- Akastor owns 50% of the JV together with Mitsui & Co and MOL

Fleet overview

Vessels	Loc.	2019	2020	2021	2022	2023	2024	2025
 AKOFS Seafarer								
 Aker Wayfarer								
 Skandi Santos								



Seafarer on the test well with stack deployed in Onarheimsfjorden

ODL preferred equity instruments yields 10% annually with further upside potential from warrant structure



Preferred equity structure

Instrument description:

- 5% cash dividend + 5% PIK per annum (semi-annual payment)
- Call price: 125% year 2, 120% year 3, 115% year 4, 110% year 5, 105% year 6, 100% thereafter
- Cash dividend step-up: 8.0% p.a. from year 7 and an additional 1.0% step-up per year until a maximum cash dividend of 10.0% p.a.
- Commitment fee of USD 5.75 million paid in 2Q 2019
- Certain rights and covenants¹⁾ in favor of Akastor

Instrument payment profile:

USDm	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e
Cash Dividend	2.2	3.9	4.1	4.3	4.5	4.8	8.0	9.5	11.0
Acc. PIK	77.2	81.1	85.2	89.5	94.1	98.8	103.8	109.1	114.6
Call price incl. PIK		99.9	100.2	100.8	101.6	102.6	103.8	109.1	114.6
<i>Dividend</i>	5%	5%	5%	5%	5%	5%	8%	9%	10%
<i>PIK interest</i>	5%	5%	5%	5%	5%	5%	5%	5%	5%
<i>Call price</i>	n.a.	125%	120%	115%	110%	105%	100%	100%	100%

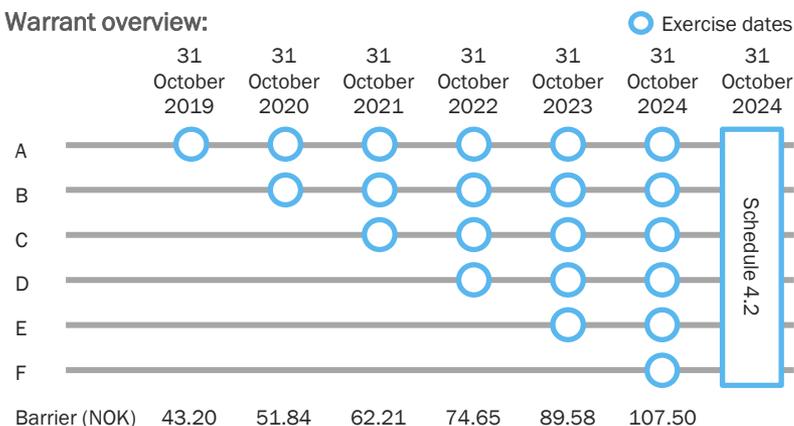
1) The agreement contain several covenants, including but not limited to an obligation not to pay dividends or other distributions exceeding 50% of the net profit from the preceding year (unless a similar portion of the preference capital is repaid prior to the distribution), and in any case not pay dividends or make distributions after year 6. Also the agreement includes a change of control covenant pertaining to restructurings with the effect that Odfjell Partner's shareholding falls below 25%

Warrant structure

Instrument description:

- The total warrant issue comprise six tranches with 987,500 warrants per tranche, amounting to a total 5,925,000 warrants. Furthermore, one warrant can be exercised for one share (1-to-1 ratio) for a price of USD 0.01 per share. Maximum number of share allocation if share price in ODL has increased with 20% p.a.

Warrant overview:



- Schedule 4.2: If any warrants remain unexercised at the ultimate exercise date in 2024, the holder will receive a number of shares determined linearly according to:

$$\text{Remaining warrants} \times \frac{\text{Max}[(\text{Share price @ 31 May 2024}) - 36]}{(107.5 - 36)}$$

Global provider of specialty workforce management solutions

NES at a glance

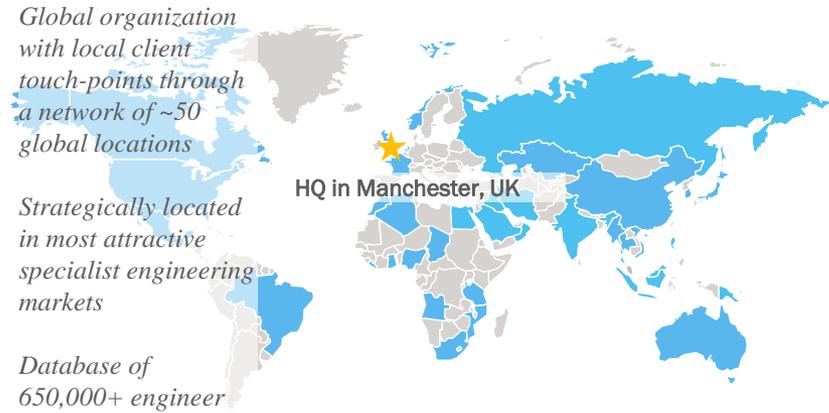
- Global award winning workforce solutions specialist that provides professionals across the Oil & Gas, Power, Construction & Infrastructure, Life Sciences, Manufacturing, Chemicals, Mining and IT sectors worldwide
- More than 35 years heritage, and currently employs more than 5,000 specialist staff and discipline specific consultants at 48 offices in 28 countries
- NES can offer a full range of staffing solutions: Contract, Permanent (Direct) Hire, Managed Solutions, or outsourced service
- Akastor's ownership is ~17%

Network of ~50 global offices

Global organization with local client touch-points through a network of ~50 global locations

Strategically located in most attractive specialist engineering markets

Database of 650,000+ engineer contractors



		
Contract Engineering	Managed Solutions	Permanent Placement
Search, placement and ongoing support of contract engineers	Outsourced, exclusive global recruitment services	Engineering positions filled on a permanent basis
NES charges a margin on contractors salary	NES' offering includes recruitment process outsourcing, global mobility and consultancy	Charge one-time fee of the engineer's annual salary



Key investment highlights



1



Portfolio companies with leading positions, well positioned for recovery of the oil service market

2



Value creation through active ownership and solid industrial know-how, combining a range of strategic, operational and financial measures

3



Experienced team with proven track record of unlocking value potential

4



Continued capital discipline securing financial strength and flexibility

Appendix

Setting the ESG agenda through active, responsible ownership



- 1** Akastor works to ensure that its portfolio companies implement strategies to reduce adverse impact on the environment caused by their products or operations
- 2** Akastor ensure that portfolio companies focus on having a competent, diversified workforce that is able, motivated and healthy and enjoys good and professional working conditions
- 3** Akastor continuously follows up to ensure that the portfolio companies implement and adhere to Akastor's governance expectations and Code of Conduct

Akastor support all UN Sustainable Development Goals, and has identified the goals 8, 12, 13 and 16 to be the main focus areas. More information can be found in Akastor's Corporate Responsibility report 2018.



Our portfolio companies ESG commitments



Leading drilling equipment that increases efficiency and reduces carbon footprint in drilling operations



AKOFS seafarer vessel upgraded with battery package to reduce carbon footprint in well intervention operations



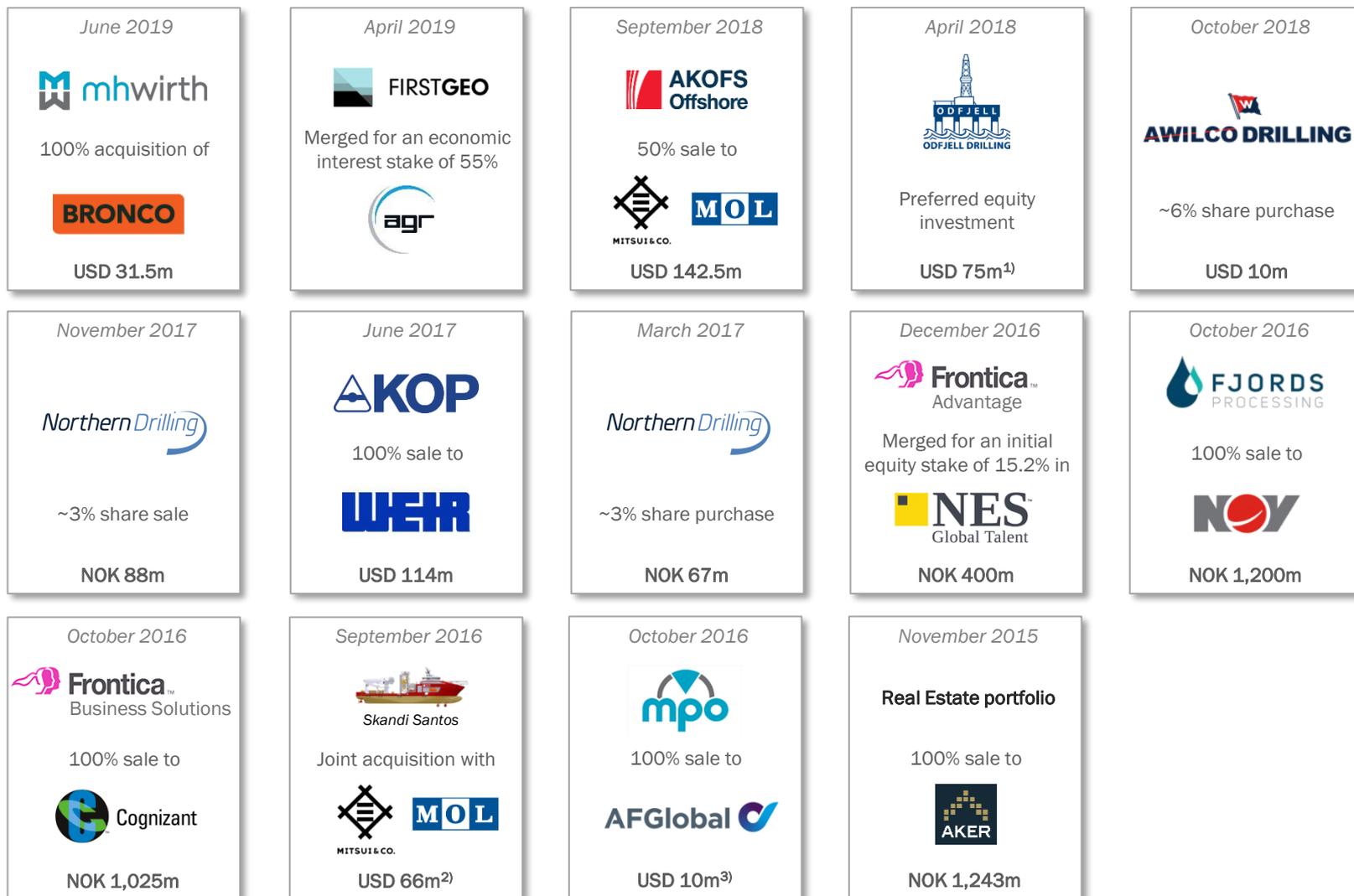
AGR is working on the first carbon storage well offshore in Australia



Cool Sorption provides world—class vapour recovery technology systems for hydrocarbon removal



Transactions track-record since inception in 2014



1) Pref shares USD 75m + warrants 2) cash gain 3) Plus earnout of max USD 65m



AGR at a glance

<p>HQ in Oslo, Norway</p> 	 <p>~350 employees</p>
<p>Global reach with offering through offices worldwide</p> 	 <p>More than 530 well projects spanning 6 continents</p>

- AGR is the leading well design and drilling project management, HSEQ, reservoir and field management service company delivering solutions for the entire field life cycle
- AGR has more than a decade of experience and is a credible and attractive service provider for E&P companies
- AGR is present in all major oil hubs with over ~350 employees and offices in Norway, UK, Australia, US and Dubai

Key offering

			
Well Management	Reservoir Management	Consulting	Software and other services
<p><i>World largest independent well management group with ability to deliver complete well management services</i></p>	<p><i>Independent reservoir management advice and unique products such as Multi-Client Regional Studies</i></p>	<p><i>Recruitment and consultancy solutions in the form of single placement of experienced drilling and engineering personnel</i></p>	<p><i>Proprietary in-house developed WM software and other services such as Operational HSEQ, TRACS training and Facilities solutions</i></p>

Revenues and EBITDA (NOKm)*



*Pro forma AGR and First Geo

Cool Sorption at a glance

- Cool Sorption is engaged in the design and engineering of Vapour Recovery Units (VRUs) and offers a range of pre-designed systems covering a full compliment of capacities
- More than 35 years of experience and a record covering more than 300 units installed worldwide
- Around 30 employees, with headquarters in Copenhagen, Denmark

Customer base comprising well known oil majors



Key product offering



VRU systems

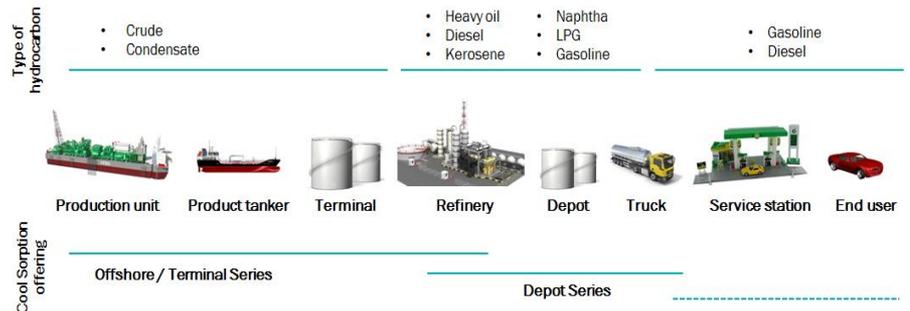
Standardized VRU solutions for smaller oil depots, larger ship or truck loading installations or complete customized systems for complex applications



Services

Range of extensive after-sales service offerings for all types of vapour recovery units, as well as brownfield solutions and studies

Wherever regulation is in place, VRUs are required throughout the oil production chain



Key figures

AKASTOR GROUP

NOK million	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	YTD 2020
Revenue and other income	1 304	1 430	1 557	1 424	1 254	2 677
EBITDA	114	133	153	137	70	208
EBIT	27	76	88	71	2	73
CAPEX and R&D capitalization	23	22	66	19	17	36
NCOA	875	1 010	611	1 135	1 114	1 114
Net capital employed	5 234	5 560	5 085	5 798	5 626	5 626
Order intake	1 786	1 149	1 168	1 137	1 165	2 302
Order backlog	3 529	3 274	3 166	3 005	2 838	2 838
Employees	2 179	2 239	2 272	2 269	2 112	2 112

Split per Company (1 of 4)

MHWIRTH

NOK million	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	YTD 2020
Revenue and other income	1 088	1 173	1 219	1 154	1 052	2 206
EBITDA	121	136	148	136	110	245
EBIT	57	93	98	82	53	135
CAPEX and R&D capitalization	21	20	64	16	14	30
NCOA	1 216	1 141	736	1 268	1 275	1 275
Net capital employed	3 206	3 224	2 908	3 613	3 443	3 443
Order intake	1 662	979	848	931	1 037	1 968
Order backlog	3 152	2 991	2 582	2 476	2 384	2 384
Employees	1 761	1 771	1 766	1 807	1 690	1 690

Note: Step Oiltools is consolidated as part of MHWirth from 1Q 2020, historical figures have been restated

Split per Company (2 of 4)

AKOFS OFFSHORE ¹⁾

NOK million	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	YTD 2020
Revenue and other income	234	295	306	304	201	505
EBITDA	104	175	145	175	83	259
EBIT	24	94	64	94	1	96
CAPEX and R&D capitalization	110	130	234	71	90	162
NCOA	138	104	49	205	166	166
Net capital employed	3 520	3 675	3 734	4 190	4 083	4 083
Order intake	-	-	-	177	-	177
Order backlog	5 579	5 375	5 013	5 203	4 783	4 783
Employees	240	267	311	297	299	299

¹⁾ Figures presented on a 100% basis. Akastor's share of net profit from the joint venture is presented as part of "net financial items"

Split per Company (3 of 4)

AGR

NOK million	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	YTD 2020
Revenue and other income	156	167	221	217	157	374
EBITDA	(1)	1	12	17	5	23
EBIT	(7)	(4)	7	13	1	15
CAPEX and R&D capitalization	2	2	2	2	2	5
NCOA	-	10	12	9	(7)	(7)
Net capital employed	153	161	170	171	152	152
Order intake	81	82	254	196	91	287
Order backlog	260	175	502	481	415	415
Employees	350	402	438	389	362	362

Note: Financial figures before 2Q 2019 included First Geo only.

Split per Company (4 of 4)

OTHER HOLDINGS

NOK million	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	YTD 2020
Revenue and other income	68	100	96	53	47	100
EBITDA	(6)	(5)	(7)	(16)	(45)	(60)
EBIT	(24)	(13)	(17)	(24)	(53)	(77)
CAPEX and R&D capitalization	-	-	-	-	-	1
NCOA	(342)	(142)	(137)	(142)	(154)	(154)
Net capital employed	833	1 115	957	910	852	852
Order intake	43	88	66	10	37	47
Order backlog	116	108	82	48	38	38
Employees	68	66	68	73	60	60

Note: Other holdings has been restated to exclude Step Oiltools which is consolidated into MHWirth

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