

Q2

AKASTOR

SECOND QUARTER AND
HALF YEAR RESULTS 2020



HIGHLIGHTS

- Revenue of NOK 1 254 million in the quarter, down 4 percent compared with the same quarter previous year
- Total EBITDA of NOK 70 million in the quarter, negatively impacted by specific M&A cost of NOK 43 million
- MHWirth EBITDA of NOK 110 million in the quarter, driven by continued good activity within services and demonstrating robustness of business model
- Net bank debt was NOK 1 595 million per end of second quarter, a decrease of NOK 42 million in the quarter
- Net interest-bearing debt was NOK 1 488 million per end of second quarter, an increase of NOK 100 million in the quarter impacted by a conversion of receivables held towards AKOFS Offshore to equity
- Order backlog was NOK 2.8 billion at the end of the quarter

KEY FIGURES

Akastor Group

NOK million	Q2 20	Q2 19	YTD 2020	YTD 2019
Revenue and other income	1 254	1 304	2 677	2 375
EBITDA	70	114	208	206
EBIT	2	27	73	58
CAPEX and R&D capitalization	17	23	36	39
NCOA	1 114	875	1 114	875
Net capital employed	5 626	5 234	5 626	5 234
Order intake	1 165	1 786	2 302	2 932
Order backlog	2 838	3 529	2 838	3 529
Net interest-bearing debt	1 488	898	1 488	898
Employees	2 112	2 179	2 112	2 179

Portfolio Companies Q2 2020

NOK million	MHWirth	AKOFS Offshore *)	AGR	Other Holdings
Revenue and other income	1 052	201	157	47
EBITDA	110	83	5	(45)
Order backlog	2 384	4 783	415	38
Employees	1 690	299	362	60

*) presented at 100% basis

01. PORTFOLIO COMPANIES

MHWIRTH

MHWirth reported revenues of NOK 1 052 million in the second quarter. Revenues for the first half year were NOK 2 206 million, an increase of 8 percent from last year.

EBITDA was NOK 110 million in the quarter, giving an EBITDA margin of 10.4 percent. For the first six months of the year, EBITDA ended at NOK 245 million, compared with NOK 213 million in 2019. As of January 1, 2020, Step Oiltools, previously part of "Other holdings", is consolidated in MHWirth. Historical figures have been restated.

Revenues from Projects & Products were NOK 1 027 million in the first half year, a growth of 2 percent compared with last year. Drilling Lifecycle Services & Digital Technologies revenues were NOK 1 180 million in the first half, an increase of 13 percent compared to last year driven by higher activity level in the period as well as the full half year effect of Bronco Manufacturing acquired in June 2019.

The working capital level (NCOA) of MHWirth increased by NOK 539 million during the first half of the year to NOK 1 275 million. The increase was primarily driven by working capital fluctuations related to certain ongoing projects.

The global drilling market remains challenging with many idle rigs impacting the market negatively. The market turmoil following the outbreak of COVID-19 and subsequent oil price decline have reduced the number of rigs in operation globally. This has had effect for MHWirth through reduced service revenue and lower order intake for single equipment. Also, the newbuilding market has remained muted through the first half year. Going forward, the market is expected to remain challenging and lower activity is expected during the second half of the year. MHWirth has strong focus on adjusting its cost base in line with activity level to protect margins.

The order backlog was NOK 2 384 million. As per June 2020, MHWirth had 1 690 employees.

AKOFS Offshore

AKOFS Offshore reported revenues of NOK 201 million in the second quarter, compared with NOK 234 million in 2019. Revenues for the first half year were NOK 505 million, compared with NOK 491 million in the previous year. EBITDA was NOK 83 million in the quarter, compared with NOK 104 million in 2019. For the first half year EBITDA was NOK 259 million, compared with NOK 240 million in 2019.

Skandi Santos had another strong quarter with revenue utilization of 99%. Aker Wayfarer reported a revenue utilization of 83% in the quarter, mostly explained by a COVID-19 outbreak leading to 17 days of non-productive time in June.

AKOFS Seafarer is currently ongoing final preparations and testing ahead of the contract with Equinor. Client Acceptance test, which has been delayed due to i.a. COVID-19, is now

planned to be performed in August, to be followed by commencement of the five-year contract thereafter.

There have been limited effects on activity level for AKOFS Offshore following market turmoil in 2020. However, there is a continued risk related to utilization of the vessels from COVID-19. Also, longer term opportunities could be affected, mostly relevant for Skandi Santos in which the current contract expires per end of November this year.

During the quarter, Akastor converted interest-bearing receivable of USD 13.1 million to equity as part of a refinancing of AKOFS Offshore. The ownership interest remains unchanged.

The order backlog ended at NOK 4 783 million. The company had 299 employees at the end of the quarter.

AGR

AGR reported revenues of NOK 157 million and EBITDA of NOK 5 million in the second quarter. For the first half year, AGR had revenues of NOK 374 million and EBITDA of NOK 23 million.

The vast majority of AGR's business relates to the offshore markets in Norway, UK, Gulf of Mexico and Australia. After a strong first quarter, all segments have been negatively impacted by COVID-19 and therefore it has been more challenging during second quarter with a decline in number of

consultants and lower activity level within well management. The company is adjusting its cost base on a running basis and has strong focus on cash preservation. Reorganization of the AGR business in the UK and the US was carried out in the second quarter to align cost base with activity level.

AGR is expecting lower activity level in the second half of the year compared to the first half due to the market turmoil and low oil price negatively affecting business opportunities.

OTHER HOLDINGS

Other Holdings reported revenues of NOK 47 million in the second quarter compared with NOK 68 million in the same quarter previous year. Revenues for the first half year were NOK 100 million, compared with NOK 158 million in the previous year. EBITDA was negative NOK 45 million in the quarter and negative NOK 60 million for the first half year.

Cool Sorption had revenues of NOK 76 million and an EBITDA of NOK 3 million in the first half year, compared with NOK 95 million and NOK 14 million respectively in 2019. The remaining

revenue and EBITDA in this segment come from the Real Estate portfolio (subletting of office leasing contracts) as well as corporate and project expenses. In the second quarter, specific M&A cost of NOK 43 million was incurred.

DOF Deepwater, a joint venture between Akastor and DOF ASA, is still experiencing a challenging market situation. Akastor and DOF ASA have initiated discussions with DOF Deepwater's lenders to restructure the company's debt. It is expected that these discussions will be concluded in the third quarter.

02. AKASTOR GROUP

Performance

Akastor group's revenues in the second quarter were NOK 1 254 million, while EBITDA in the second quarter was NOK 70 million, including specific M&A cost of 43 million. Revenues for the first half year were NOK 2 677 million compared with NOK 2 375 million in the previous year. EBITDA was NOK 208 million for the first half year.

Depreciation, amortization and impairment amounted to NOK 68 million in the quarter and NOK 135 million for the first half year. This includes depreciation of Right-of-use assets (IFRS 16 impact) of NOK 28 million for the second quarter and NOK 57 million for the first half year.

Net financial items were positive NOK 46 million for the quarter and negative NOK 347 million for the first half year. The net financial expenses for the half year included Akastor's share of net loss of NOK 95 million from the equity-accounted investees DOF Deepwater and AKOFS Offshore, dividend income of NOK 40 million from equity investment, unrealized loss of NOK 122 million in fair value changes of financial investments. In addition, an impairment of NES Global Talent of NOK 106 million was booked in the first half year as a result of adjusted short-term earnings estimates.

Net tax expenses were NOK 33 million in the second quarter and NOK 1 million for the first half year. The effective tax rates are influenced by various non-taxable items, non-recognized deferred tax assets, and mix of revenue generated in jurisdictions with various tax rates.

The result from continuing operations was positive NOK 16 million for the second quarter and negative NOK 275 million for the first half year. Net loss from discontinued operations was NOK 116 million in the first half year. This includes negative effects from re-assessment of settlement obligations from previous divestments.

The group reported net profit of NOK 16 million in the second quarter and net loss of NOK 391 million for the first half year.

Financial Position

Net current operating assets were NOK 1 114 million at the end of June, a decrease of NOK 21 million since previous quarter and an increase of NOK 503 million since year-end 2019. The increase was primarily driven by working capital fluctuations related to certain ongoing projects in MHWirth.

Net cash flow from operations was NOK 14 million in the quarter and negative NOK 324 million for the first half year. The cash flow from investing activities was negative NOK 94 million and NOK 129 million for the quarter and first half year, respectively.

Net debt was NOK 1 595 million at the end of the period, while net interest-bearing debt (excluding lease liabilities from IFRS 16) was NOK 1 488 million.

The liquidity reserve at the end of the quarter was approximately NOK 1.3 billion, with cash and bank deposits of NOK 294 million and undrawn committed credit facilities of NOK 1.0 billion.

Total equity amounted to NOK 4.1 billion at June 2020, of which non-controlling interests were NOK 21 million. The equity ratio was 38 percent as of June 30, 2020.

Related Party Transactions

Please see Note 9 for a summary of significant related party transactions that occurred in the first half year of 2020.

Principle Risks and Uncertainty

Akastor and each of its portfolio companies are exposed to various forms of market, operational and financial risks. The market situation for the oil services segments in which Akastor operates, remains challenging with low activity and weak market conditions. On the operational side, sound project execution by the portfolio companies without cost overruns as well as securing new orders are substantial factors to the companies' financial performance. Results also depend on costs, both the portfolio companies' own costs and those charged by suppliers, as well as interest expenses, exchange rates and customers' ability to pay. Akastor and its portfolio companies are exposed to financial market risks including changes in currency rates and hedge activities, interest rates, tax, credit and counterparty risks, as well as risks associated with access to and terms of financing.

In addition, these companies, through their business activities within their respective sectors and countries, are also exposed to legal/compliance and regulatory/political risks, e.g. political decisions on international sanctions that impact supply and demand of the services offered by the portfolio companies, as well as environmental regulations. As an investment company, Akastor and its portfolio companies from time to time engage in mergers and acquisitions and other transactions that could expose the companies to financial and other non-operational risks, such as warranty and indemnity claims and price adjustment mechanisms.

To manage and mitigate risks within Akastor, risk evaluation is an integral part of all business activities. As owner, Akastor actively supervises risk management in its portfolio companies through participation on board of each portfolio company, and by defining a clear set of risk management and mitigation processes and procedures that all portfolio companies must adhere to. Akastor's Annual Report 2019 provides more information on risks and uncertainties.

COVID-19 risk management

A key element of Akastor's risk management in 2020 is to closely monitor the development of the COVID-19 outbreak and continuously seek to implement necessary mitigating measures, which may lead to further cost adjustments and changes in the valuation of the Akastor portfolio's assets and liabilities. Although business activities are slowly returning to a more normal situation in Norway and most of Europe, the situation remains critical in important operational areas such as Brazil and the US. The situation will therefore continue to impact all parts of Akastor's business, both operational aspects (e.g. operation of vessels and sale and service of equipment) and financial/transactional aspects. As an example, one of AKOFS Offshore's vessels operating in Brazil experienced about two weeks of downtime in June due to a positive COVID-19 test, which in turn led to requirements on change of entire crew and a full cleaning of the entire vessel before operations could be resumed.

Current assessment of the duration of the operational impacts from the COVID-19 situation remains uncertain, and it is similarly uncertain when the market situation can be expected to normalise. Although we expect the impacts

to continue throughout 2020, the impacts can be prolonged beyond 2020, which in turn may give a liquidity constraint for Akastor as revenue and EBITDA from MHWirth will be reduced whilst further cash injections to companies such as AKOFS Offshore and DOF Deepwater may be required.

Akastor has been taking concrete actions to mitigate effects of the market turmoil experienced in the first half of 2020. The cost base of Akastor's portfolio companies has been adjusted, with a significant number of employees unfortunately having been temporarily or permanently laid off during the period. As per June 2020, around 320 employees have been impacted by lay-offs, which include about 120 hired-in personnel. Further actions will be taken should the situation extend.

The Akastor Share

The company had a market capitalization of NOK 1.3 billion on June 30, 2020. The company owned 2 390 215 own shares at the end of the quarter.

Fornebu, July 15, 2020

The Board of Directors and CEO of Akastor ASA

03. DECLARATION BY THE BOARD OF DIRECTORS AND CEO

The Board of Directors and the CEO have today considered and approved the consolidated condensed financial statements for the six months ended June 30, 2020, with comparatives for the corresponding period of 2019 for Akastor Group.

The Board has based this declaration on reports and statements from the group's CEO, the results of the group's activities, and other information that is essential to assess the group's position.

To the best of our knowledge:

- The consolidated condensed financial statements for the six months ended June 30, 2020 have been prepared in accordance with IAS 34 - Interim Financial Reporting and additional disclosure requirements under the Norwegian Securities Trading Act.
- The information provided in the financial statements gives a true and fair portrayal of Akastor Group's assets, liabilities, profit and overall financial position as of June 30, 2020.
- The information provided in the report for the first half 2020 provides a true and fair overview of the development, performance, financial position, important events and significant related party transactions in the accounting period as well as the most significant risks and uncertainties facing Akastor Group.

Fornebu, July 15, 2020
The Board of Directors and CEO of Akastor ASA

Kristian M. Røkke | Chairman



Lone Fønss Schrøder | Deputy Chairman



Svein Oskar Stoknes | Director



Kathryn M. Baker | Director



Sarah Ryan | Director



Henning Jensen | Director



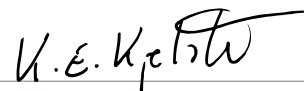
Asle Christian Halvorsen | Director



Stian Sjølund | Director



Karl Erik Kjelstad | CEO



AKASTOR GROUP INTERIM FINANCIAL STATEMENTS

SECOND QUARTER AND HALF YEAR 2020

CONDENSED CONSOLIDATED INCOME STATEMENT

NOK million	Note	Second quarter		First half		Full year
		2020	2019	2020	2019	2019
Revenues and other income	6	1 254	1 304	2 677	2 375	5 361
Operating expenses		(1 183)	(1 190)	(2 470)	(2 168)	(4 870)
Operating profit before depreciation, amortization and impairment		70	114	208	206	492
Depreciation, amortization and impairment		(68)	(87)	(135)	(148)	(270)
Operating profit (loss)		2	27	73	58	222
Net financial items	7	46	(53)	(347)	(16)	(30)
Profit (loss) before tax		48	(26)	(274)	42	191
Tax income (expense)		(33)	(12)	(1)	(18)	(44)
Profit (loss) from continuing operations		16	(38)	(275)	24	147
Net profit (loss) from discontinued operations		-	(40)	(116)	(40)	(54)
Profit (loss) for the period		16	(78)	(391)	(16)	93
Attributable to:						
Equity holders of Akastor ASA		19	(74)	(394)	(12)	100
Non-controlling interests		(4)	(4)	3	(4)	(7)
Basic/diluted earnings (loss) per share (NOK)		0.07	(0.27)	(1.45)	(0.05)	0.37
Basic/diluted earnings (loss) per share continuing operations (NOK)		0.07	(0.13)	(1.02)	0.01	0.57

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK million	First half		Full year
	2020	2019	2019
Net profit (loss) for the period	(391)	(16)	93
Other comprehensive income:			
Cash flow hedges, effective portion of changes in fair value	(53)	66	20
Cash flow hedges, reclassification to income statement	(9)	-	41
Change in fair value reserve	(21)	4	17
Currency translation differences	225	(63)	34
Currency translation differences, reclassification to income statement	-	-	(99)
Share of OCI from equity-accounted investees	(83)	14	(11)
Deferred tax effect	14	(14)	(16)
Net items that may be reclassified to profit or loss	73	7	(13)
Remeasurement gain (loss) net defined benefit liability	-	-	(46)
Deferred tax of remeasurement gain (loss) net defined benefit liability	-	-	9
Net items that will not be reclassified to profit or loss	-	-	(36)
Total comprehensive income (loss) for the period, net of tax	(318)	(9)	44
Attributable to:			
Equity holders of Akastor ASA	(321)	(5)	51
Non-controlling interests	3	(4)	(7)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>NOK million</i>	<i>Note</i>	June 30 2020	December 31 2019
Deferred tax assets		448	388
Intangible assets		1 673	1 593
Property, plant and equipment		711	760
Right-of-use assets		545	537
Other non-current assets		36	65
Non-current finance lease receivables		14	16
Equity-accounted investees and other investments		2 752	2 695
Non-current interest-bearing receivables		107	201
Total non-current assets		6 285	6 256
Current operating assets	10	4 147	3 758
Current finance lease receivables		6	9
Cash and cash equivalents		294	555
Total current assets		4 447	4 322
Total assets		10 732	10 578
Equity attributable to equity holders of Akastor ASA		4 032	4 353
Non-controlling interests		21	18
Total equity		4 053	4 371
Deferred tax liabilities		23	11
Employee benefit obligations		361	359
Other non-current liabilities and provisions		618	542
Non-current borrowings		1 809	1 444
Non-current lease liabilities		503	516
Total non-current liabilities		3 313	2 873
Current operating liabilities and provisions	10	3 117	3 169
Current borrowings		80	3
Current lease liabilities		169	160
Total current liabilities		3 366	3 333
Total equity and liabilities		10 732	10 578

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The statement includes discontinued operations prior to their disposal unless otherwise stated.

<i>NOK million</i>	Second quarter		First half		Full year
	2020	2019	2020	2019	2019
Profit (loss) for the period	16	(78)	(391)	(16)	93
(Profit) loss for the period - discontinued operations	-	40	116	40	54
Depreciations, amortization and impairment	68	87	135	148	270
Other adjustments for non-cash items and changes in operating assets and liabilities	(70)	(192)	(184)	(410)	(11)
Net cash from operating activities	14	(143)	(324)	(237)	406
Acquisition of property, plant and equipment	(11)	(5)	(13)	(6)	(56)
Payments for capitalized development	(6)	(18)	(23)	(33)	(71)
Payments of contingent considerations from divestments	(77)	(29)	(77)	(30)	(209)
Acquisition of subsidiaries, net of cash	-	(237)	-	(237)	(236)
Cash flow from other investing activities	-	(191)	(16)	(289)	17
Net cash from investing activities	(94)	(479)	(129)	(595)	(555)
Changes in external borrowings	81	753	420	955	667
Instalment of lease liabilities	(34)	(37)	(72)	(71)	(151)
Cash flow from other financing activities	-	-	2	4	1
Net cash from financing activities	48	715	350	888	517
Effect of exchange rate changes on cash and cash equivalents	93	21	(158)	26	(11)
Net increase (decrease) in cash and cash equivalents	61	114	(261)	82	357
Cash and cash equivalents at the beginning of the period	232	167	555	198	198
Cash and cash equivalents at the end of the period	294	281	294	281	555

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>NOK million</i>	Contributed equity and retained earnings	Other reserves	Total equity attributable to the parent	Non-controlling interests	Total equity
Equity as of December 31, 2019	4 113	240	4 353	18	4 371
Total comprehensive income	(394)	73	(321)	3	(318)
Equity as of June 30, 2020	3 719	313	4 032	21	4 053
Equity as of January 1, 2019	4 056	254	4 310	-	4 310
Total comprehensive income	(12)	7	(6)	(4)	(10)
Acquisition of subsidiaries	(11)	-	(11)	27	16
Sale of treasury shares to employees	4	-	4	-	4
Equity as of June 30, 2019	4 037	260	4 297	24	4 321

NOTES

NOTE 1 - GENERAL

Akastor (the group) consists of Akastor ASA and its subsidiaries. Akastor ASA is a limited liability company incorporated and domiciled in Norway and whose shares are publicly traded.

The group is an oil-services investment company with a portfolio of industrial holdings and other investments. Akastor is listed on the Oslo Stock Exchange under the ticker AKA. Please refer to note 34 *Group companies* in Akastor's Annual Report 2019 for more information on the group's structure.

Akastor's Annual Report for 2019 is available at www.akastor.com.

NOTE 2 - BASIS FOR PREPARATION

The condensed consolidated financial statements of Akastor comprise the group and the group's interests in equity-accounted investees. As a result of rounding differences, numbers or percentages may not add up to the total.

Akastor's condensed interim financial statements for the six months ended June 30, 2020 are prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. The condensed consolidated interim financial statements do not include all of the information and disclosures required for a complete set of annual consolidated financial statements, and should be read in conjunction with Akastor's Annual Report 2019. The accounting policies applied in these financial statements are the same as those applied in the group's consolidated financial statements as for the year ended December 31, 2019.

The condensed consolidated interim financial statements are unaudited.

NOTE 3 - JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the accounting policies, management makes judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of uncertainty in the estimates are consistent with those applied to the consolidated financial statements as for the period ended December 31, 2019.

NOTE 4 - Impairment testing of goodwill

During the first half year of 2020, the outbreak of COVID-19 has caused significant disruption to the global economy through reduced industrial activity, extensive travel restrictions and mandatory quarantines. Further, oil prices fell sharply in the beginning of March 2020 adding additional pressure on the global economy. It is expected that the outbreak of COVID-19 will have significant negative impact on the global economy and the operational activities in Akastor's portfolio companies in 2020. In light of these impairment triggers, impairment testing for cash-generating units containing significant goodwill is performed as of June 30, 2020.

For the purpose of impairment testing, goodwill has been allocated to the group's cash-generating units (portfolio companies) as shown in the table below, which represents the lowest level at which goodwill is monitored in management reporting.

<i>NOK million</i>	June 30, 2020	December 31, 2019
MHWirth	1 244	1 168
AGR	117	116
Total goodwill	1 361	1 284

The recoverable amounts of cash-generating units (portfolio companies) are determined based on value-in-use calculations. Discounted cash flow models are applied to determine the value in use for the portfolio companies with goodwill. The management has made cash flow projections based on strategic forecast for a period of five years. Beyond the explicit forecast period of five years, the cash flows are extrapolated using a constant growth rate.

Key assumptions used in the calculation of value in use are EBITDA, Terminal value growth rate (2%) and estimated discount rate. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries as well as management's expectations regarding margin. Assumptions are made for future market conditions from impacts of the outbreak of COVID-19, which requires a high degree of judgement. Please see Note 15 in Akastor's Annual Report 2019 for more information about the key assumptions used.

Discount rates used in the impairment testing:

	Discount rate after tax		Discount rate before tax	
	June 2020	2019	June 2020	2019
MHWirth	11.1%	10.4%	13.0%	12.4%
AGR	13.3%	12.5%	15.8%	15.0%

For the portfolio companies containing goodwill, the recoverable amounts are higher than the carrying amounts based on the value in use analysis and consequently no impairment loss of goodwill was recognized in the first half year of 2020.

Akastor has performed sensitivity calculations to identify any reasonably possible change in key assumptions that could cause the carrying amount to exceed the recoverable amount. In MHWirth, if the average revenue growth in the forecast period were reduced by more than 4%, or the average EBITDA margin in the forecast period were reduced by more than 2%, the estimated recoverable amount would be lower than the carrying amount and it would result in impairment in MHWirth. In AGR, if the average revenue growth in the forecast period were reduced by more than 8%, or if the average EBITDA margin in the forecast period were reduced by more than 2%, the estimated recoverable amount would be lower than the carrying amount and it would result in impairment in AGR.

NOTE 5 - OPERATING SEGMENTS

Akastor identifies its reportable segments and discloses segment information under IFRS 8 *Operating Segments*. See note 6 *Operating segments* in Akastor's Annual Report 2019 for descriptions of Akastor's management model and operating segments as well as accounting principles used for segment reporting. AS of January 1, 2020, Step Oiltools, previously part of Other Holdings, is included in the segment MHWirth. Historical figures have been restated.

Q2 2020

<i>NOK million</i>	MHWirth	AKOFS Offshore	AGR	Other holdings	Total operating segments	Adjustme nt of AKOFS Offshore	Eliminatio ns	Total Akastor
External revenue and other income	1 052	201	157	45	1 454	(201)	-	1 254
Internal revenue	1	-	-	2	2	-	(2)	-
Total revenue	1 052	201	157	47	1 457	(201)	(2)	1 254
Operating profit before depreciation, amortization and impairment (EBITDA)	110	83	5	(45)	154	(83)	-	70
Operating profit (loss) (EBIT)	53	1	1	(53)	3	(1)	-	2
Capital expenditure and R&D capitalization	14	90	2	-	107	(90)	-	17

Q2 2019

<i>NOK million</i>	MHWirth	AKOFS Offshore	AGR	Other holdings	Total operating segments	Adjustme nt of AKOFS Offshore	Eliminatio ns	Total Akastor
External revenue and other income	1 083	234	156	66	1 538	(234)	-	1 304
Internal revenue	6	-	-	2	8	-	(8)	-
Total revenue	1 088	234	156	68	1 546	(234)	(8)	1 304
Operating profit before depreciation, amortization and impairment (EBITDA)	121	104	(1)	(6)	218	(104)	-	114
Operating profit (loss) (EBIT)	57	24	(7)	(24)	51	(24)	-	27
Capital expenditure and R&D capitalization	21	110	2	-	133	(110)	-	23

Half year 2020

<i>NOK million</i>	MHWirth	AKOFS Offshore	AGR	Other holdings	Total operating segments	Adjustme nt of AKOFS Offshore	Eliminatio ns	Total Akastor
External revenue and other income	2 206	505	374	98	3 182	(505)	-	2 677
Internal revenue	1	-	-	2	2	-	(2)	-
Total revenue	2 206	505	374	100	3 185	(505)	(2)	2 677
Operating profit before depreciation, amortization and impairment (EBITDA)	245	259	23	(60)	466	(259)	-	208
Operating profit (loss) (EBIT)	135	96	15	(77)	169	(96)	-	73
Capital expenditure and R&D capitalization	30	162	5	1	198	(162)	-	36
Net current operating assets (NCOA)	1 275	166	(7)	(154)	1 280	(166)	-	1 114
Net capital employed	3 443	4 083	152	852	8 530	(2 905)	-	5 626

Half year 2019

<i>NOK million</i>	MHWirth	AKOFS Offshore	AGR	Other holdings	Total operating segments	Adjustme nt of AKOFS Offshore	Eliminatio ns	Total Akastor
External revenue and other income	2 033	491	186	155	2 866	(491)	-	2 375
Internal revenue	16	-	-	3	19	-	(19)	-
Total revenue	2 050	491	186	158	2 885	(491)	(19)	2 375
Operating profit before depreciation, amortization and impairment (EBITDA)	213	240	1	(8)	447	(240)	-	206
Operating profit (loss) (EBIT)	97	79	(5)	(34)	137	(79)	-	58
Capital expenditure and R&D capitalization	38	254	2	-	293	(254)	-	39
Net current operating assets (NCOA)	1 216	138	-	(342)	1 013	(138)	-	875
Net capital employed	3 206	3 520	153	833	7 713	(2 478)	-	5 234

NOTE 6 - Revenue from contracts with customers

Revenue from contracts with customer in the scope of IFRS 15 is disaggregated in the following table by major contract and revenue types and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with revenue information as shown in note 5 Operating segments.

Half year 2020

<i>NOK million</i>	MHWirth	AKOFS Offshore	AGR	Other holdings	Adjustme nt of AKOFS Offshore	Total Akastor
<i>Major contract/revenue types</i>						
Construction revenue	1 171	-	-	62	-	1 234
Sale of standard products	479	-	5	-	-	484
Service revenue	517	124	368	25	(124)	910
Total revenue from contracts with customer	2 167	124	374	87	(124)	2 628
<i>Timing of revenue recognition</i>						
Transferred over time	1 688	124	368	87	(124)	2 144
Transferred at point in time	479	-	5	-	-	484
Total revenue from contracts with customer	2 167	124	374	87	(124)	2 628
Lease revenue and other income	38	380	-	11	(380)	50
Total external revenue and other income in segment reporting	2 206	505	374	98	(505)	2 677

Half year 2019

<i>NOK million</i>	MHWirth	AKOFS Offshore	AGR	Other holdings	Adjustme nt of AKOFS Offshore	Total Akastor
<i>Major contract/revenue types</i>						
Construction revenue	1 052	-	-	84	-	1 136
Sale of standard products	461	-	7	-	-	468
Service revenue	480	152	179	27	(152)	685
Total revenue from contracts with customers	1 994	152	186	110	(152)	2 290
<i>Timing of revenue recognition</i>						
Transferred over time	1 532	152	179	110	(152)	1 821
Transferred at point in time	461	-	7	-	-	468
Total revenue from contracts with customers	1 994	152	186	110	(152)	2 290
Lease revenue and other income	40	340	-	45	(340)	85
Total external revenue and other income in segment reporting	2 033	491	186	155	(491)	2 375

NOTE 7 - NET FINANCIAL ITEMS

NOK million	Second quarter		First half		Full year
	2020	2019	2020	2019	2019
Net interest expenses on financial liabilities measured at amortized costs	(15)	(15)	(32)	(27)	(67)
Net financial charges of lease liabilities	(9)	(9)	(18)	(17)	(34)
Interest income on debt instruments measured at Fair Value through Other Comprehensive Income (FVOCI)	19	14	38	28	61
Profit (loss) from equity accounted investees	(27)	(54)	(95)	(68)	(160)
Dividend income from equity instrument	20	17	40	33	69
Net change in fair value of financial assets measured at Fair Value through Profit or Loss (FVTPL)	2	(12)	(122)	29	37
Net foreign exchange gain (loss)	63	7	(46)	4	(30)
Impairment financial assets at FVOCI	-	-	(106)	-	-
Other financial income (expenses)	(6)	(1)	(6)	2	94
Net financial items	46	(53)	(347)	(16)	(30)

Please see Note 8 for more information about the fair value changes in financial assets measured at FVTPL and FVOCI. Impairment of financial assets at FVOCI relates to NES Global Talent as a result of adjusted estimates of short-term earnings.

NOTE 8 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified by the levels in the fair value hierarchy. See note 32 *Financial instruments* in Akastor's Annual Report 2019 for more information about valuation methodologies and the group's financial instruments. The estimated fair values of material financial instruments are as below:

NOK million	Fair value hierarchy	Fair value as of June 30, 2020	Fair value as of December 31, 2019
Financial assets measured at fair value			
- Hedging instruments	Level 2	150	43
<i>Fair value through P&L (FVTPL)</i>			
- Equity securities	Level 1	11	47
- Equity securities	Level 3	970	904
- Warrants	Level 3	12	79
- Contingent considerations	Level 3	32	69
<i>Fair value through Other comprehensive income (FVOCI)</i>			
- Debt instruments	Level 3	579	613
Financial liabilities measured at fair value			
- Hedging instruments	Level 2	(234)	(65)
- Deferred settlement obligations	Level 3	(299)	(272)

NOTE 9 - RELATED PARTIES

All transactions with related parties have been carried out based on arm's length terms. For detailed descriptions of related party transactions, please refer to note 35 Related parties in Akastor's Annual Report 2019.

Aker entities

Below is a summary of transactions and balances between Akastor and the subsidiaries and associates of Aker ASA - referred as "Aker Entities".

Income statement

<i>NOK million</i>	First half	
	2020	2019
Revenue	82	90
Operating costs	(5)	(7)
Depreciation and impairment	(10)	(16)
Net financial items	(2)	(2)

Financial position - Assets (Liabilities)

<i>NOK million</i>	June 30	December 31
	2020	2019
Right-of-use assets	77	49
Finance lease receivables	18	22
Trade receivables	18	32
Lease liabilities	(113)	(87)
Trade payables	(10)	(11)

Other related parties

In March 2020, Akastor granted an additional subordinated loan of NOK 10 million to Aker Pensjonskasse. The loan has maturity in June 2030 with interest rate at 7% p.a. As of June 30, 2020, Akastor has interest-bearing receivable against Aker Pensjonskasse of NOK 21 million.

In June 2020, Akastor converted interest-bearing receivables of USD 13.1 million to equity in the joint venture AKOFS Offshore as part of a refinancing of the company. The ownership interest remains unchanged. As of June 30, 2020, Akastor has interest-bearing receivables against AKOFS Offshore amounting to NOK 86 million.

NOTE 10 - CURRENT OPERATING ASSETS AND LIABILITIES

<i>NOK million</i>	June 30	December 31
	2020	2019
Inventories	576	528
Trade receivables	1 661	1 182
Current tax assets	11	10
Derivative financial instruments, assets	150	43
Other receivables and assets	1 749	1 995
Total current operating assets	4 147	3 758
Trade payable	377	451
Provisions	97	119
Current tax liabilities	16	11
Derivative financial instruments, liabilities	234	65
Other payables and liabilities	2 392	2 523
Total current operating liabilities and provisions	3 117	3 169

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 company. These measures are calculated in a consistent and transparent manner and are intended to provide enhanced comparabilities 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.

Definitions

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

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 non-current assets (excluding non-current interest bearing receivables) and finance lease receivables added by net current operating asset, minus non-current operating liabilities (deferred tax liabilities, employee benefit obligations, other non-current liabilities and total lease liabilities)

Gross debt - Sum of current and non-current borrowings

Net debt - Gross debt minus cash and cash equivalents

Net interest bearing debt - Net debt minus 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

Order intake - represents the expected 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 that are already entered into or committed at the reporting date. The backlog does not include options on existing contracts, or contract value from short-cycled service orders.

Reconciliations

The tables below show reconciliations of alternative performance measures to the line items in the consolidated financial statements according to IFRS.

	June 30	December 31
<i>NOK million</i>	2020	2019
Current operating assets	4 147	3 758
Less:		
Current operating liabilities	3 117	3 169
Net derivative financial instruments	(84)	(22)
Net current operating assets	1 114	611

Net capital employed (NCE)

	June 30	December 31
<i>NOK million</i>	2020	2019
Total non-current assets	6 285	6 256
Net current operating assets (NCOA)	1 114	611
Current finance receivables	6	9
Less:		
Non-current interest-bearing receivables	107	201
Deferred tax liabilities	23	11
Employee benefit obligations	361	359
Other non-current liabilities	618	542
Total lease liabilities	671	677
Net capital employed	5 626	5 085

Gross/Net debt/NIBD

	June 30	December 31
<i>NOK million</i>	2020	2019
Non-current borrowings	1 809	1 444
Current borrowings	80	3
Gross debt	1 889	1 448
Less:		
Cash and cash equivalents	294	555
Net debt	1 595	893
Less:		
Non-current interest-bearing receivables	107	201
Net interest-bearing debt (NIBD)	1 488	692

Equity ratio

	June 30	December 31
<i>NOK million</i>	2020	2019
Total equity	4 053	4 371
divided by Total assets	10 732	10 578
Equity ratio	38 %	41 %

Liquidity reserve

	June 30	December 31
<i>NOK million</i>	2020	2019
Cash and cash equivalents	294	555
Undrawn committed credit facilities	1 030	1 320
Liquidity reserve	1 324	1 875

Financial Calendar

Third quarter results 2020, October 30, 2020.

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