

Akastor ASA

Third Quarter Results 2018

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AKASTOR

Q3 2018 highlights

Revenue	EBITDA	Net Capital Employed	Net Interest Bearing Debt
NOK 955m	NOK 87m	NOK 4.8bn	NOK 76m






- ✓ Revenue of NOK 955 million, 28 percent growth year-on-year (adjusted for one-off revenue of NOK 500 million last year)
 - Revenue of NOK 290 million from AKOFS Offshore not included
- ✓ EBITDA from continuing operations NOK 87 million
 - EBITDA of NOK 118 million from AKOFS Offshore not included
- ✓ Successful closing of the transaction to form joint venture of AKOFS Offshore with Mitsui and MOL, received USD 142.5 million for 50% of the shares in AKOFS Offshore
- ✓ Net interest-bearing debt reduced to NOK 76 million
- ✓ Strong balance sheet, high financial capacity

Section A





Portfolio companies performance

Akastor portfolio composition

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 solids control and drilling waste management services	100%*
	Provider of operation and wellsite geology services	100%
	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%
	Drilling Contractor with two semisubmersible drilling units plus one under construction	5.5%

*Economic ownership

Portfolio Highlights Q3 2018



- ✓ The offshore drilling market gradually improving. However, still limited tender activity for newbuilds
- ✓ Stable service revenues, number of active rigs improved slightly during 2018
- ✓ Revenues of NOK 751 million in Q3, year to date revenues have increased 21% vs last year (adjusted for settlement amount of NOK 500 million in Q3 2017)
- ✓ EBITDA of NOK 71 million in Q3 with a margin of 9.5%



- ✓ Solid operations continue for Aker Wayfarer and Skandi Santos, continue to build track record with Petrobras
- ✓ Preparing Aker Seafarer for 5 year light well intervention contract with Equinor, capex program on track
- ✓ Revenues of NOK 290 million, EBITDA of NOK 118 million (on 100% basis)



- ✓ **NES Global Talent** – Continued good growth, driven by shale, downstream petrochemicals and life science. Acquisition of Bedrock Petroleum Consultants
- ✓ **Step Oiltools** – Improved market fundamentals, stable revenue and EBITDA
- ✓ **First Geo** – Very strong quarter due to one project which will be completed in Q4
- ✓ **Cool Sorption** – Stable revenues, improved prospect list

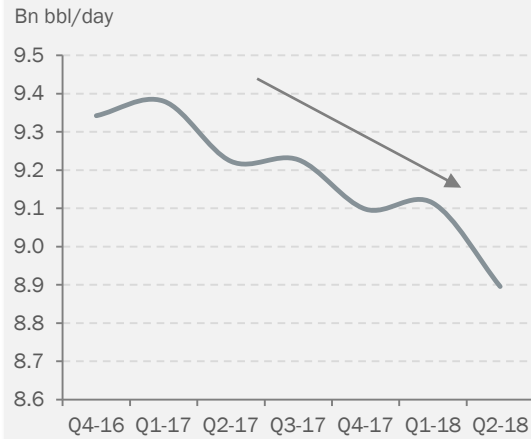
Market fundamentals gradually improving

Oil price is stabilizing above 70 USD/bbl...



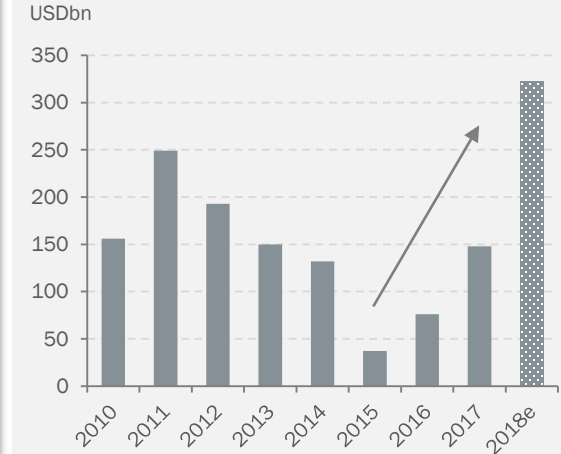
Source: Bloomberg

...falling oil production for majors...



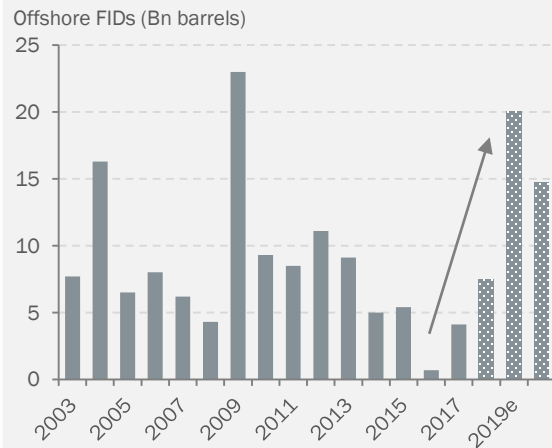
Source: Bloomberg | Exxon, BP, Equinor, Chevron and Shell

...and improving free cash-flow...



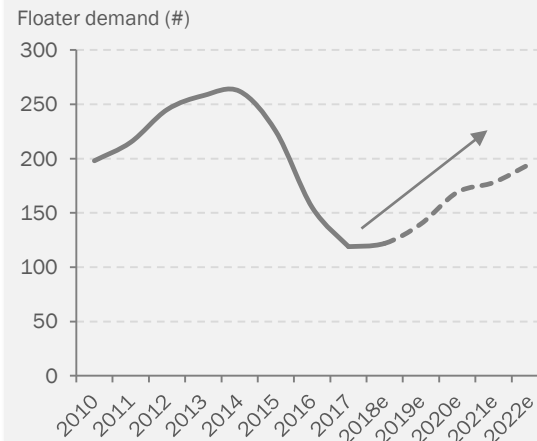
Source: Bloomberg

...are increasing investments...



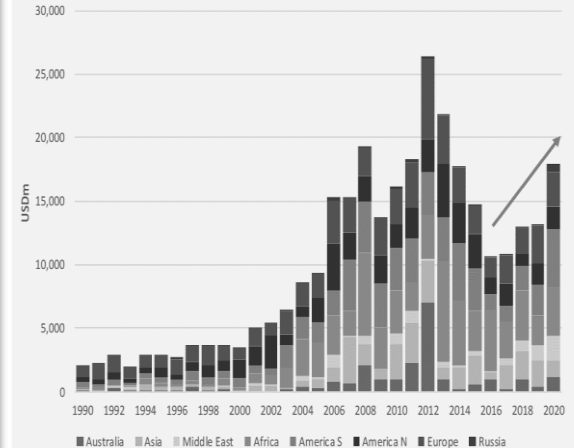
Source: Rystad Energy (FID database)

...including contracting activity...



Source: Rystad Energy (Rig Cube)

...and subsea spending



Source: Rystad Energy

Section B

Akastor financial position

Financials Q3 2018

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Revenue	955	1 249	2 710	2 711
EBITDA	87	1	228	20
EBIT	41	(160)	88	(303)
Net financials	(11)	(84)	43	(335)
Profit (loss) before tax	30	(244)	131	(638)
Tax income (expense)	(10)	39	(26)	97
Profit (loss) from continuing operations	19	(205)	106	(541)
Net profit (loss) from disc. operations	421	660	64	864
Profit (loss) for the period	441	455	170	323
Order intake	799	1 140	3 502	2 528
Order backlog	2 759	1 515	2 759	1 515
NCOA	547	937	547	937
Net Capital Employed	4 771	7 749	4 771	7 749

Q3 2018 highlights

- Revenue in Q3 2017 includes NOK 500 million from settlement agreement
- EBITDA in Q3 2017 includes several non recurring items. EBITDA adjusted for these items was NOK 80 million
- EBIT in Q3 2017 was negatively impacted by impairment of fixed assets of NOK 93 million
- Net financials in Q3 2018 includes positive effects from financial investments of NOK 22 million (details on next slide)
- Net profit from discontinued operations in Q3 2018 includes gain on sale of 50% of the shares in AKOFS Offshore with NOK 468 million and net loss in AKOFS Offshore of NOK 15 million
- Numbers for order intake, order backlog and NCOA include only the portfolio companies that are consolidated into Akastor group accounts, not AKOFS Offshore

Key financials reconciliation

Revenue (NOK million)	Q3 2018	Q3 2017	YTD 2018	YTD 2017
MHWirth	751	1 113	2 162	2 291
Step Oiltools	70	57	184	177
First Geo	53	23	132	71
Cool Sorption	23	10	68	36
Other	61	61	185	179
Elimination	(3)	(15)	(22)	(43)
Reported Group revenue	955	1 249	2 710	2 711
AKOFS Offshore (100%)	290	193	841	566

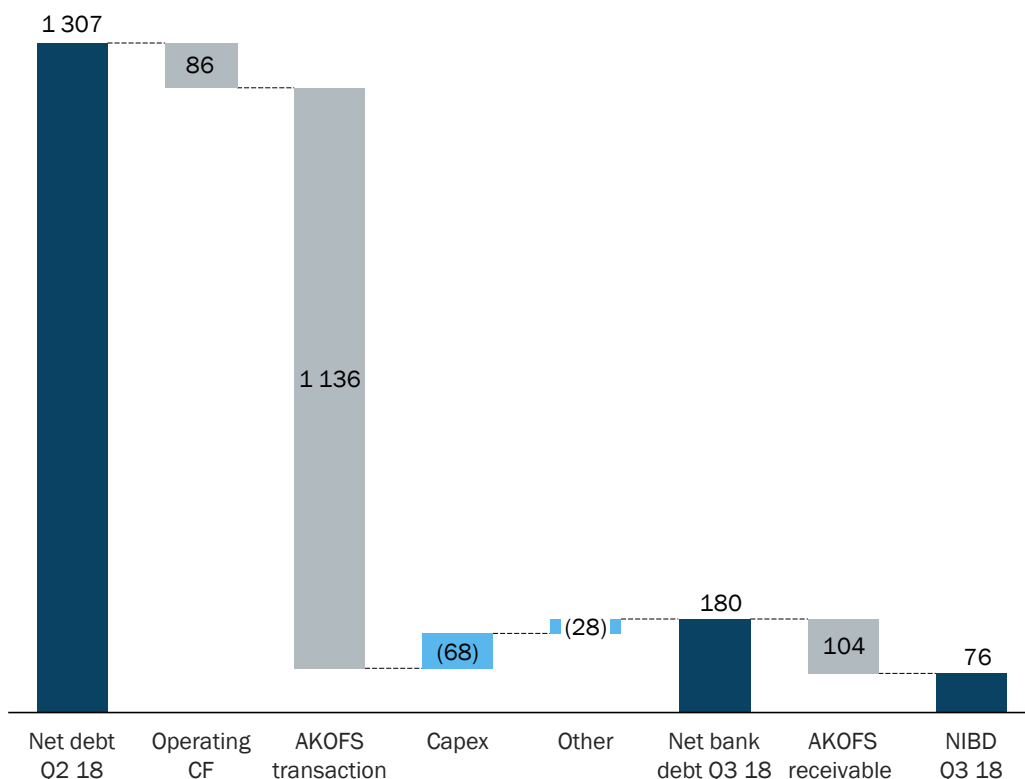
EBITDA (NOK million)	Q3 2018	Q3 2017	YTD 2018	YTD 2017
MHWirth	71	(21)	208	35
Step Oiltools	5	3	8	4
First Geo	15	(0)	28	(4)
Cool Sorption	(0)	(1)	2	(5)
Other	(4)	21	(18)	(10)
Reported Group EBITDA	87	1	228	20
AKOFS Offshore (100%)	118	62	327	133

Net financial items (NOK million)	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Odfjell Drilling	16	-	68	-
Awilco Drilling	5	-	46	-
NES Global Talent	18	12	41	35
DOF Deepwater	(17)	(20)	(67)	(143)
AKOFS Offshore	-	-	-	-
Contribution from financial investments	22	(8)	88	(108)
Net interest exp. on external financing	(29)	(30)	(64)	(92)
Net foreign exchange gain (loss)	6	(42)	14	(1)
Other financial income (expenses)	(10)	(3)	5	(135)
Net financial items	(11)	(84)	43	(335)

Cash flow and net debt position

Net debt bridge

NOK million



Q3 2018 highlights

- Net interest-bearing debt position decreased by NOK 1 230 million to NOK 76 million driven by the AKOFS transaction
- Liquidity reserve of NOK 1.6 billion
- Started process to refinancing existing credit facility (maturing in July 2019). Expecting to sign new 3 years loan agreement for NOK 2.5 billion in the fourth quarter

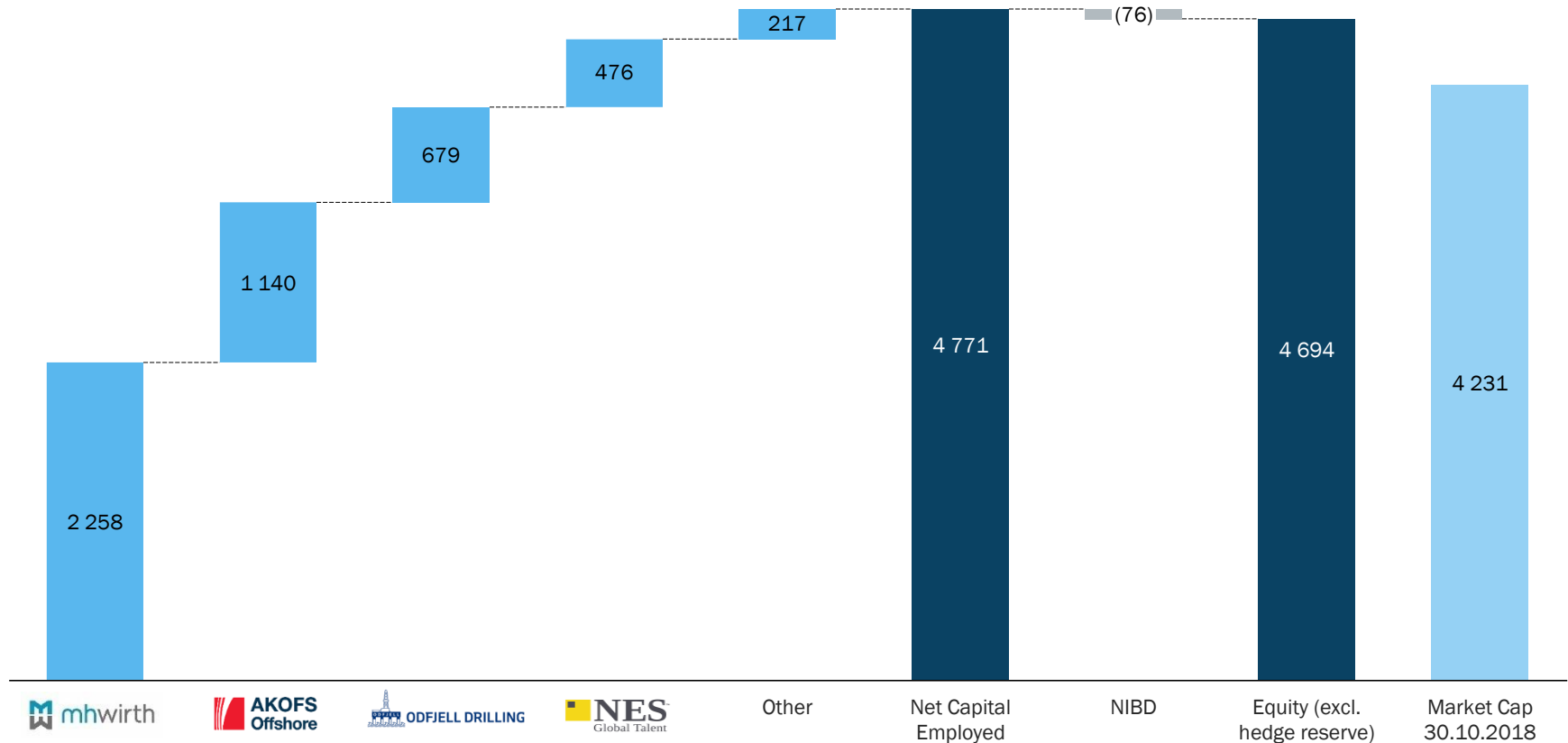
NOK million

Q3 2018

Non-current bank debt	86
Current bank debt	337
Cash and cash equivalents	(243)
Net bank debt	180
AKOFS receivable	(104)
Net interest bearing debt	76

Net Capital Employed as per Q3 2018

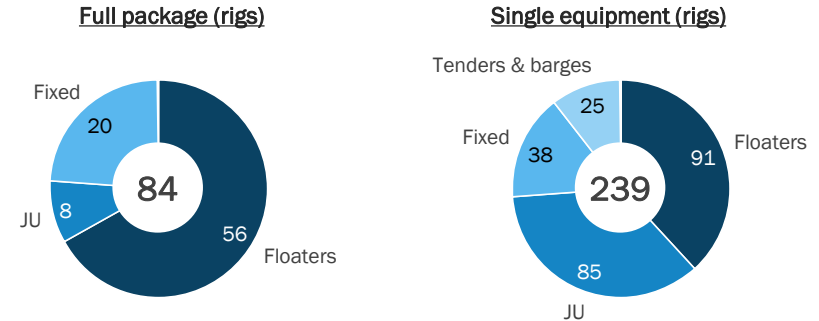
NOK million



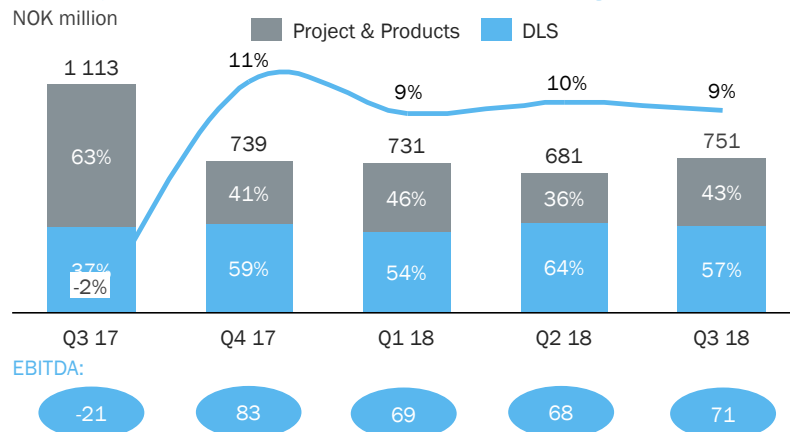
Key highlights Q3 2018

- ✓ Project & Products revenues for Q3 was NOK 326 million, an increase of 63% compared to last year adjusted for the settlement agreement of NOK 500 million in Q3 2017
- ✓ DLS revenues for Q3 was NOK 425 million, an increase of 3% compared to last year
- ✓ Stable EBITDA-margin around 9-10%
- ✓ Order backlog and order intake for the third quarter amounted to NOK 2.4 billion and NOK 640 million, respectively

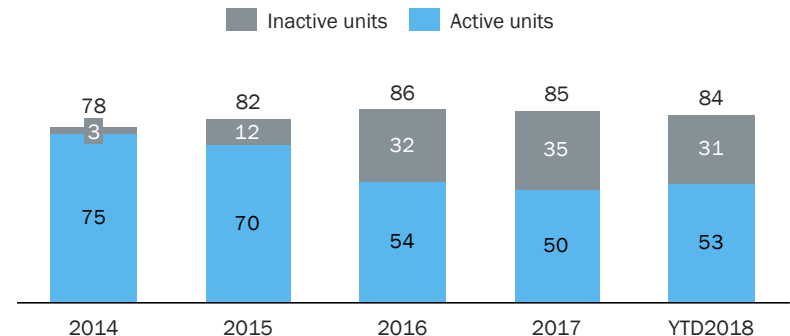
Installed base per Q3 2018



Quarterly development in revenues and EBITDA-margin



MHWirth installed base hit turning point mid 2017

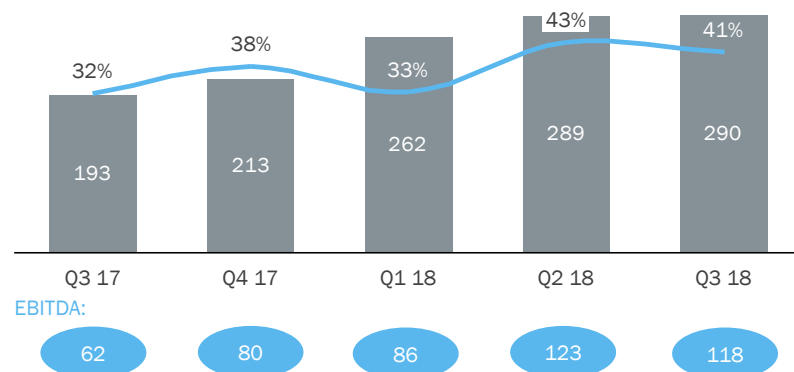


Key highlights Q3 2018

- ✓ Revenues for Q3 of NOK 290 million, an increase of 50% compared with last year
- ✓ EBITDA of NOK 118 million (41% margin) in Q3
- ✓ Skandi Santos and Aker Wayfarer continue to build track record with Petrobras
- ✓ Seafarer upgrade ongoing according to plan
- ✓ Successfully completed the 50% sale of AKOFS Offshore to form Joint Venture with Mitsui and MOL







Quarterly development in revenues and EBITDA-margin*

NOK million



*Figures presented on a 100% basis

Fleet overview

Vessels	Loc.	2018	2019	2020	2021
 Akofs Seafarer		Preparation / Yard			Equinor (ends Q1 2025, 3 years option)
 Aker Wayfarer		Petrobras (ends YE 2022, 5 years option)			
 Skandi Santos		Petrobras (ends Q2 2020)			



NES Global Talent

Recent development

- ✓ Trading performance continues to be strong
 - ✓ Good growth within shale, downstream petrochemicals and life sciences
- ✓ Strong contract activity, with all time high total number of contractors working
- ✓ Acquisition of Bedrock Petroleum Consultants closed in October. Transaction significantly strengthens NES' position in the U.S. onshore oil and gas market
- ✓ Akastor holds ~17% of the equity in NES (increased in September from ~15% as a result of earn-out structure included in deal)

Award winning workforce solution specialist

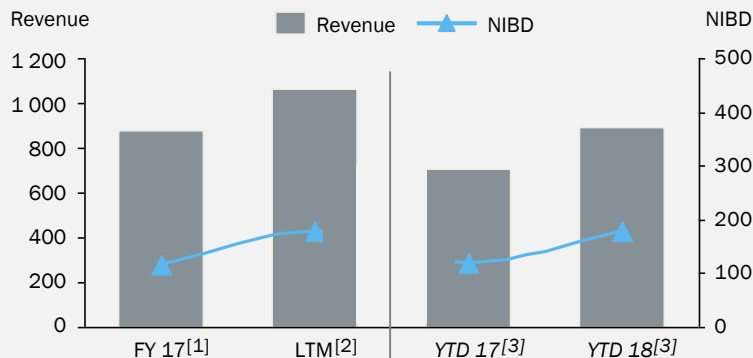
Global organization with local client touch-points through a network of ~50 global locations

Strategically located in most attractive specialist engineering markets

Database of 650,000+ engineer contractors



Financial development (USD million)*



[1] FY end 31st October [2] LTM per August 2018 [3] YTD November through August

*Figures presented on 100% basis



Contract Engineering

Search, placement and ongoing support of contract engineers

NES charges a margin on contractors salary



Managed Solutions

Outsourced, exclusive global recruitment services

NES' offering includes recruitment process outsourcing, global mobility and consultancy



Permanent Placement

Engineering positions filled on a permanent basis

Charge one-time fee of the engineer's annual salary

Instrument description

Preferred equity of USD 75m

- Dividend: 5% cash + 5% PIK per annum
- 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 to be paid in Q2 2019

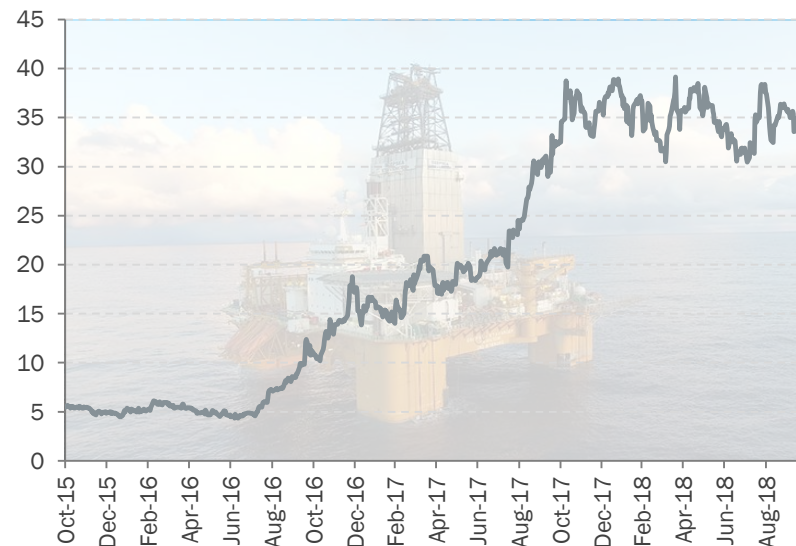
Warrant structure

- Warrants that gives right to purchase up to 5,925,000 shares in ODL 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.¹⁾
- Certain rights and covenants²⁾ in favour of Akastor

1) 6 equal tranches. 1 warrant tranche exercisable p.a. during year 1-6 subject to share price appreciation of 20.0% p.a. above issue price of NOK 36 (with catch-up effect). After year 6 warrants that has not been exercised in previous years gives rights to subscription of shares in ODL depending on the share price in year 6, linear allocation from minimum share price of NOK 36 to maximum share price of NOK 107.5

2) 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%

ODL share price



Capital structure

No. shares fully diluted (million)	236.8
Market cap. (NOK million)	7 127
NIBD (NOK million)	8 859
Enterprise value (NOK million)	15 986

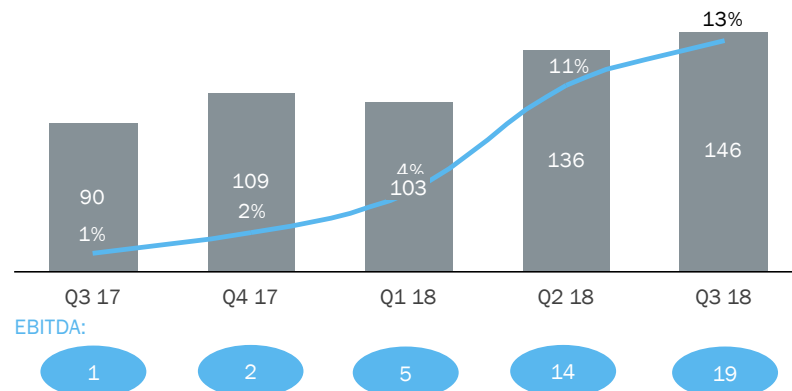
Source: Factset 30.10.2018

Other Holdings

Key highlights Q3 2018

- ✓ Revenues for the third quarter was NOK 146 million, an increase of 62% compared to last year.
- ✓ **Step Oiltools:** Revenues in Q3 of NOK 70 million, up 23% from previous year. EBITDA of NOK 5 million compared with NOK 3 million last year
- ✓ **First Geo:** Revenue in Q3 of NOK 53 million, up 124% compared with previous year. EBITDA of NOK 15 million impacted by one big project that will be completed in Q4
- ✓ **Cool Sorption:** Revenues in Q3 of NOK 23 million, up 141% from previous year. EBITDA of NOK 0 million, compared with NOK -1 million last year

Quarterly development in revenues and EBITDA-margin*



*Pro-forma figures for Step Oiltools, First Geo and Cool Sorption



Akastor is set up to create value through active ownership



1



Portfolio of companies well positioned for recovery of the oil service market

2



Active ownership and solid industrial know-how

3



Strong M&A track record




















4



Strong balance sheet with low gearing and high financial flexibility

Appendix

Akastor transactions track-record

<p>September 2018</p>  <p>50% sale to</p>  <p>USD 142.5m</p>	<p>April 2018</p>  <p>Preferred equity investment</p> <p>USD 75m¹⁾</p>	<p>February 2018</p>  <p>~6% share purchase</p> <p>USD 10m</p>	<p>November 2017</p>  <p>~3% share sale</p> <p>NOK 88m</p>	<p>June 2017</p>  <p>100% sale to</p>  <p>USD 114m</p>
<p>March 2017</p>  <p>~3% share purchase</p> <p>NOK 67m</p>	<p>December 2016</p>  <p>Merged for an initial equity stake of 15.2% in</p>  <p>NOK 400m</p>	<p>October 2016</p>  <p>100% sale to</p>  <p>NOK 1,200m</p>	<p>October 2016</p>  <p>100% sale to</p>  <p>NOK 1,025m</p>	<p>September 2016</p>  <p>Skandi Santos</p> <p>Joint acquisition with</p>  <p>USD 66m²⁾</p>
<p>July 2016</p>  <p>100% sale to</p>  <p>USD 10m³⁾</p>	<p>November 2015</p> <p>Real Estate portfolio</p> <p>100% sale to</p>  <p>NOK 1,243m</p>			

Note: 1) Loan USD75m + pref shares + warrants 4) plus earnout of max NOK15m 2) cash gain 3) Plus earnout of max USD 65m

Condensed consolidated Income Statement

	Third Quarter		First nine months		Full Year
NOK million	2018	2017	2018	2017	2017
Operating revenues and other income	955	1 249	2 710	2 711	3 606
Operating expenses	(869)	(1 248)	(2 482)	(2 691)	(3 490)
EBITDA	87	1	228	20	116
Depreciation, amortization and impairment	(46)	(161)	(140)	(323)	(396)
Operating profit (loss)	41	(160)	88	(303)	(280)
Net financial items	(11)	(84)	43	(335)	(406)
Profit (loss) before tax	30	(244)	131	(638)	(686)
Tax income (expense)	(10)	39	(26)	97	(20)
Profit (loss) from continuing operations	19	(205)	106	(541)	(706)
Net profit (loss) from discontinued operations	421	660	64	864	648
Profit (loss) for the period	441	455	170	323	(58)

Condensed consolidated statement of financial position

NOK million	September 30 2018	December 31 2017
Deferred tax asset	395	661
Intangible assets	1 203	1 435
Property, plant and equipment	819	4 419
Other non-current assets	58	99
Equity accounted investees and other Investments	2 508	546
Non-current interest-bearing receivables	-	1
Total non-current assets	4 982	7 163
Current operating assets	2 812	2 946
Other current assets	10	51
Current interest-bearing receivables	104	-
Cash and cash equivalents	243	168
Total current assets	3 169	3 165
Total assets	8 151	10 328
Equity attributable to equity holders of Akastor ASA	4 678	5 277
Total equity	4 678	5 277
Deferred tax liabilities	9	10
Employee benefit obligations	330	349
Other non-current liabilities and provisions	430	330
Non-current borrowings	86	2 133
Total non-current liabilities	855	2 823
Current operating liabilities and provisions	2 281	1 829
Current borrowings	337	399
Total current liabilities	2 618	2 228
Total liabilities and equity	8 151	10 328

Condensed Consolidated Statement of Cash flows

	Third Quarter		First nine months		Full Year
NOK million	2018	2017	2018	2017	2017
Profit (loss) for the period	441	455	170	323	(58)
(Profit) loss for the period – discontinued operations	(421)	(660)	(64)	(864)	(648)
Depreciation, amortization and impairment – continuing operations	46	161	140	323	396
Other adjustments for non-cash items and changes in operating assets and liabilities	21	(111)	141	(546)	(363)
Net cash from operating activities	86	(155)	387	(764)	(673)
Acquisition of property, plant and equipment	(66)	(23)	(87)	(44)	(70)
Payments for capitalized development	(2)	(7)	(7)	(18)	(27)
Proceeds related to sale of subsidiaries, net of cash	1 127	965	1 116	924	921
Cash flow from other investing activities	3	(48)	(655)	(107)	(33)
Net cash from investing activities	1 062	887	367	755	790
Changes in external borrowings	(1 254)	(713)	(654)	(279)	(391)
Net cash from financing activities	(1 254)	(713)	(654)	(279)	(391)
Effect of exchange rate changes on cash and cash equivalents	(7)	(25)	(25)	(17)	(45)
Net increase (decrease) in cash and cash equivalents	(109)	(6)	75	(304)	(319)
Cash and cash equivalents at the beginning of the period	356	189	168	487	487
Cash and cash equivalents at the end of the period	243	183	243	183	168

Alternative Performance Measures (1 of 2)

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
- **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
- **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

Alternative Performance Measures (2 of 2)

NOK million	September 30 2018	December 31 2017
Non-current borrowings	86	2 133
Current borrowings	337	399
Gross debt	423	2 533
Less:		
Cash and cash equivalents	243	168
Net debt	180	2 364
Less:		
Finance lease liabilities	-	1 494
Net bank debt	180	871
Net debt	180	2 364
Less:		
Non-current interest-bearing receivables	-	1
Current interest-bearing receivables	104	-
Net interest-bearing debt (NIBD)	76	2 363

NOK million	September 30 2018	December 31 2017
Total equity	4 678	5 277
Divided by Total assets	8 151	10 328
Equity ratio	57%	51%
Cash and cash equivalents	243	168
Undrawn committed credit facilities	1 325	1 400
Liquidity reserve	1 568	1 568

NOK million	September 30 2018	December 31 2017
Current operating assets	2 812	2 946
Less:		
Current operating liabilities	2 281	1 829
Derivative financial instruments	(16)	74
NCOA related to AKOFS Offshore	-	186
Net current operating assets (NCOA)	547	857
Plus:		
NCOA related to AKOFS Offshore	-	186
Total non-current assets	4 982	7 163
Other current assets	10	51
Less:		
Non-current interest-bearing receivables	-	1
Deferred tax liabilities	9	10
Employee benefit obligations	330	349
Other non-current liabilities	430	330
Net capital employed	4 771	7 566

Key figures

AKASTOR GROUP

NOK million	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	YTD 2018
Operating revenue and other income	1 249	895	881	873	955	2 710
EBITDA	1	96	63	78	87	228
EBIT	(160)	23	16	31	41	88
CAPEX and R&D capitalization	30	35	17	8	68	93
NCOA	937	857	687	617	547	547
Net capital employed	7 749	7 566	7 196	7 461	4 771	4 771
Order intake	1 140	1 291	1 068	1 635	799	3 502
Order backlog	1 515	1 948	2 123	2 907	2 759	2 759
Employees	2 043	2 015	1 991	1 970	1 790	1 790

Split per Company (1 of 3)

MHWIRTH

NOK million	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	YTD 2018
Operating revenue and other income	1 113	739	731	681	751	2 162
EBITDA	(21)	83	69	68	71	208
EBIT	(160)	33	37	36	39	111
CAPEX and R&D capitalization	16	19	4	8	11	23
NCOA	1 086	995	782	671	613	613
Net capital employed	3 079	2 783	2 499	2 347	2 258	2 258
Order intake	1 000	1 134	724	1 466	640	2 831
Order backlog	1 299	1 718	1 709	2 504	2 398	2 398
Employees	1 470	1 456	1 437	1 412	1 422	1 422

Split per Company (2 of 3)

AKOFS OFFSHORE ¹⁾

NOK million	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	YTD 2018
Operating revenue and other income	193	213	262	289	290	841
EBITDA	62	80	86	123	118	327
EBIT	(25)	(2)	7	(280)	78	(195)
CAPEX and R&D capitalization	6	15	11	(1)	54	64
NCOA	225	186	238	217	214	214
Net capital employed	3 994	4 154	3 954	3 629	4 778	4 778
Order intake	9	12	(26)	2 936	42	2 951
Order backlog	4 858	4 917	4 340	6 633	5 503	5 503
Employees	173	180	185	186	190	190

¹⁾ The figures represent 100% ownership in AKOFS Offshore. Avium Subsea AS, a previous joint venture with 50% ownership, is fully consolidated as a subsidiary in AKOFS Offshore from the end of Q3 2018 .

Split per Company (3 of 3)

OTHER HOLDINGS

NOK million	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	YTD 2018
Operating revenue and other income	142	159	148	197	197	542
EBITDA	13	4	(14)	2	5	(7)
EBIT	(8)	(20)	(29)	(13)	(8)	(50)
CAPEX and R&D capitalization	7	1	3	1	2	7
NCOA	(149)	(138)	(95)	(54)	(66)	(66)
Net capital employed	677	628	743	1 485	1 372	1 372
Order intake	146	164	345	174	156	676
Order backlog	218	231	416	404	361	361
Employees	400	379	369	372	368	368

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