

DNB Oil, Offshore and Shipping Conference

# Introduction to Akastor ASA

March 2019

Karl Erik Kjelstad | CEO



# A listed oil-service investment company with a flexible mandate for active ownership

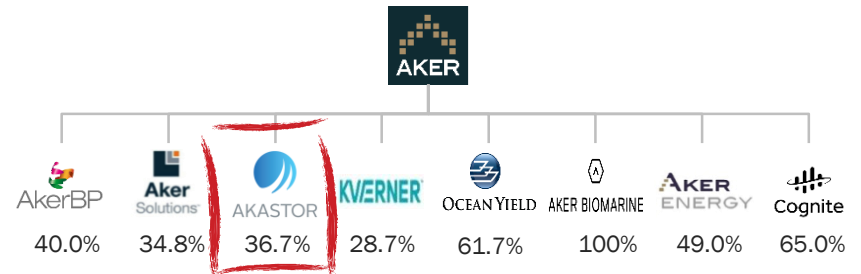
## Akastor at a glance

- Akastor is a Norwegian listed oil-services investment company with a portfolio of industrial and financial holdings
- Akastor has a flexible mandate for active ownership and long-term value creation in the oilfield services sector
- Akastor creates added value in our holdings by being an active owner who, with financial strength and solid industrial know-how, contributes to the sustainable development of the companies
- Akastor's portfolio companies employs c. 2,000 people globally and has a combined turnover of more than NOK 4.9bn
- Akastor is headquartered in Fornebu, Norway

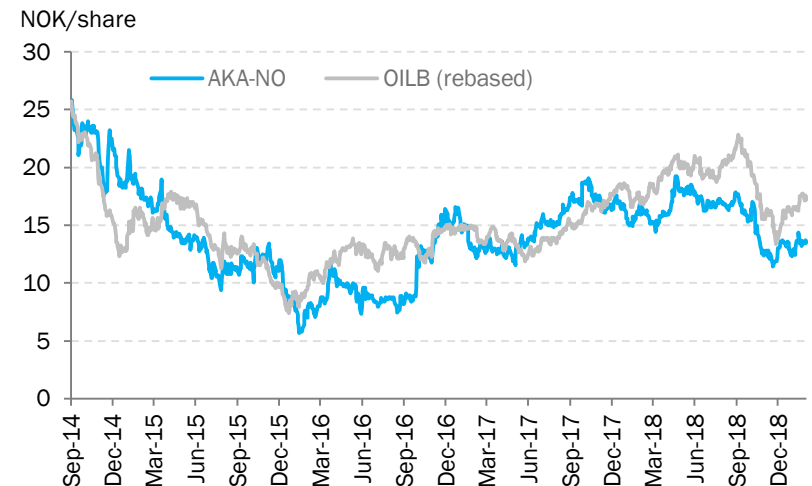


Source: Factset 01.03.2019

## Part of the Aker group of industrial holdings



- The Akastor shares are traded on the Oslo Stock Exchange under the ticker AKA



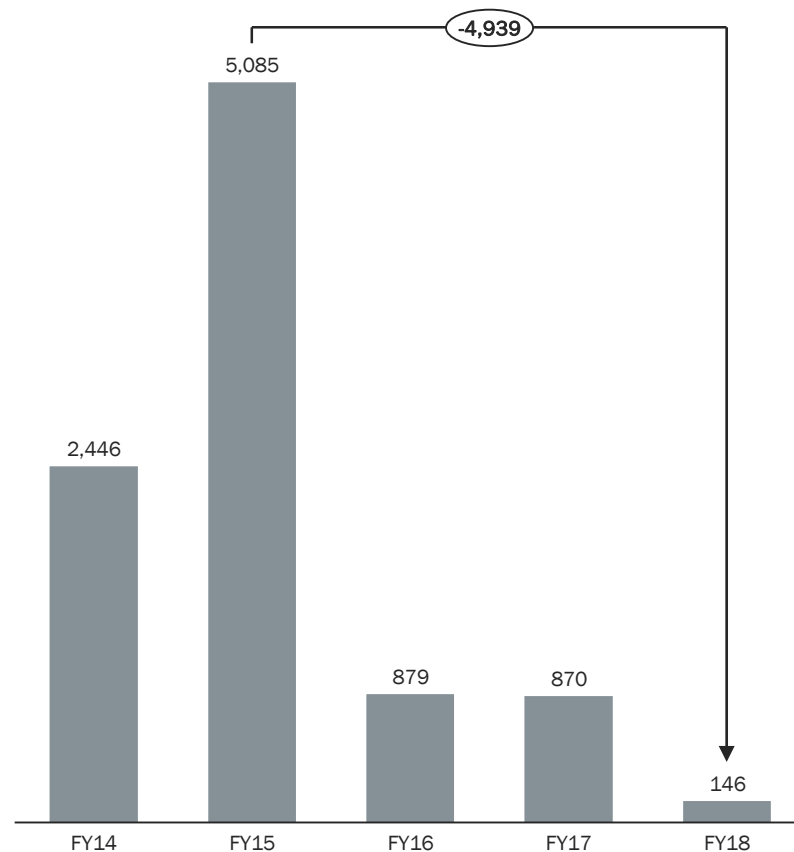
# Our track record since inception in 2014

Conducted 12 transactions  
(9 divestments and 3 investments)



NIBD reduced with ~NOK 5bn since peak in FY15

Akastor NIBD FY14-FY18 (excl. financial lease obligations)




Investment





Divestment

# 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%
	Global provider of well design and drilling project management, HSEQ, reservoir and field management services	55%*
	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
	Drilling Contractor with two semisubmersible drilling units plus one under construction	5.5%
	Company owning 5 mid-sized AHTS vessels operated by DOF ASA	50%

\* AGR and First Geo expected to merge in H1 2019

# 2018 Highlights

## Operational highlights



- Secured new contract for the delivery of a full drilling package to Keppel FELS for a new semisubmersible drilling rig for HE use (Awilco)
- Modest revenue growth year-over-year, driven by stabilized service activity and good growth within single equipment
- Good progress made with Digital Technologies, new solution commercialized and installed offshore



- Aker Wayfarer successfully commenced 5 year contract with Petrobas
- Signed 5 year contract with Equinor for delivery of LWI services by the AKOFS Seafarer. Scheduled commencement H1 2020 with contract value of ~USD 370m



- Strong increase in contractors, with total number of working contractors reaching all time high at year-end
- Completed two acquisition, diversifying the business and strengthening the company's presence in North America within Shale and Life Science

Other holdings

- Other holdings showed strong revenue growth and significantly improved profitability

## Transaction highlights

December 2018



Merged for an economic interest stake of 55%



September 2018



50% sale to



USD 142.5m

April 2018



Preferred equity investment

USD 75m

February 2018

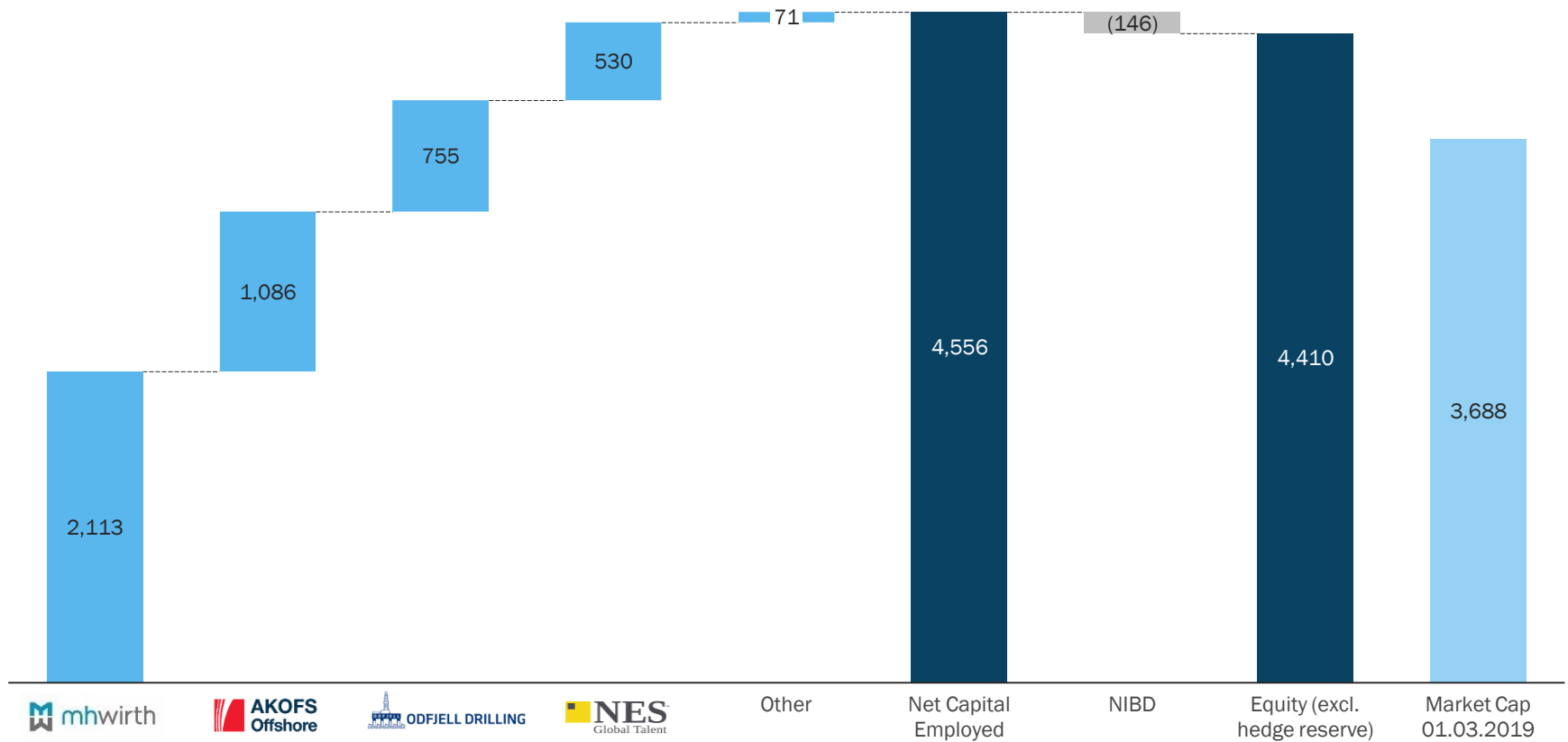


~6% share purchase

USD 10m

# Net Capital Employed as per Q4 2018

NOK million

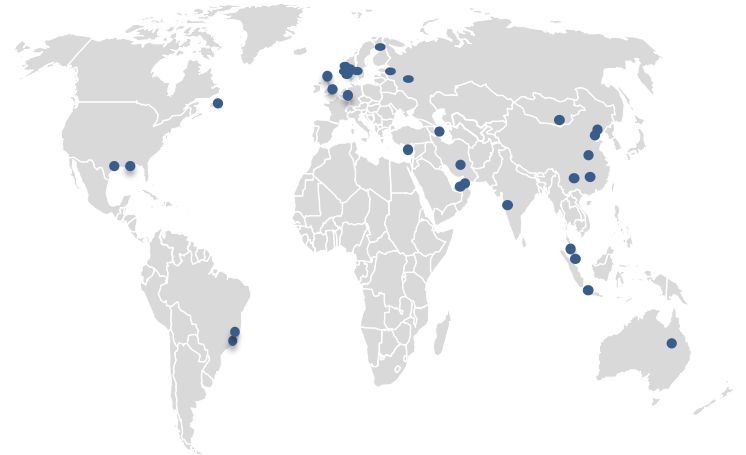


## MHWirth at a glance

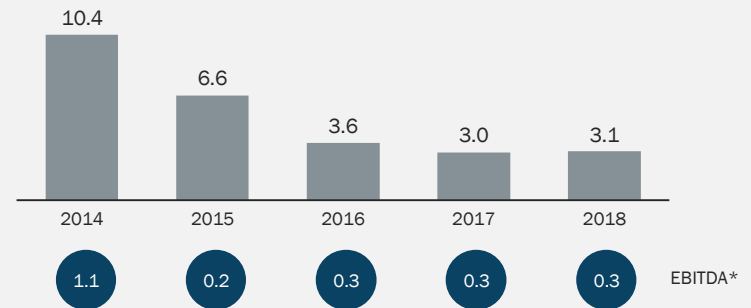
- Global provider of integrated drilling solutions and services. World class technology and leading engineering and project management capabilities
- Delivered ~25% of all offshore drilling packages for floaters between years 2000 and 2018
- ~1,400 professionals covering five continents in 13 countries and 24 locations, HQ in Kristiansand (Norway)
- Maintained strong engineering and project organization but expanded focus as a service company with Drilling Lifecycle Services

			
Drilling Rig Packages	Drilling Equipment	Drilling Lifecycle Services	Engineering Services
Complete drilling solutions: Concept, project execution, equipment and software systems for integrated drilling rig packages	Product deliveries to offshore and onshore rigs, as well some niche adjacent industries	Global footprint to deliver aftermarket service, spareparts, overhaul and training to rigs in operation	FEED / concept and detailed engineering for drilling systems

## Worldwide presence



### Revenues and EBITDA (NOKbn)



\*Adjusted for non-recurring items

## Strengthened management team...



**Merril A. "Pete" Miller Jr**  
Chairman | MHWirth

Age 68  
U.S. citizen

Mr Miller has more than 40 years of experience from the oil service industry. He is currently, among others, chairman of Transocean Inc and Ranger Energy Services and board member of Cheasapeak 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 | MHWirth

Age 58  
Norwegian citizen

Mr Bergsvik has more than 20 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 position MHW as a leading drilling equipment supplier

### Organic growth initiatives

- Develop and expand Digital Solutions offering
- Accelerate R&D to increase new product launches and also improve the infrastructure required to support new product launches
- Strengthening global sales force and marketing efforts
- Secure cost competitiveness through standardization of processes

### M&A growth initiatives

- Expand internationally with focus on North America
- Accelerate growth by extending the product offering to include a broader assortment of drilling equipment solutions

**Planned IPO within 3-5 years**



# 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



Strong balance sheet with low gearing and high financial flexibility

# Appendix

# Key figures

## AKASTOR GROUP

NOK million	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	FY 2018
Operating revenue and other income	895	881	873	955	1 090	3 800
EBITDA	96	63	78	87	63	290
EBIT	23	16	31	41	21	109
CAPEX and R&D capitalization	35	17	8	68	37	131
NCOA	857	687	617	547	375	375
Net capital employed	7 566	7 196	7 461	4 771	4 556	4 556
Order intake	1 291	1 068	1 635	799	980	4 481
Order backlog	1 948	2 123	2 907	2 759	2 692	2 692
Employees	2 015	1 991	1 970	1 790	1 775	1 775

#### Akofs Seafarer



- LWI/RLWI
- Plug and Abandonment
- Top-hole drilling
- Contract with Equinor



#### Aker Wayfarer



- Long tem contracts with Petrobras
- Installation and maintenance of subsea equipment

#### Skandi Santos



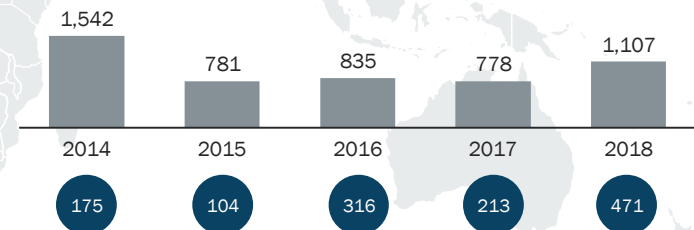
- Track record of operational excellence



#### Contract status

Vessels	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)			

#### Revenues and EBITDA (NOKm)



*AKOFS Offshore has a highly competent and diverse organization, covering all phases from conceptual development to project execution and offshore operations*

## 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%

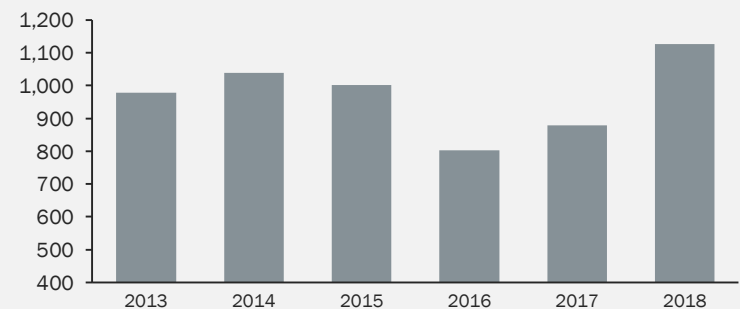
## Selected global O&G clients



## Network of ~50 global offices







## Revenues (USDm)\*







\*year-end 31 March

## AGR at a glance

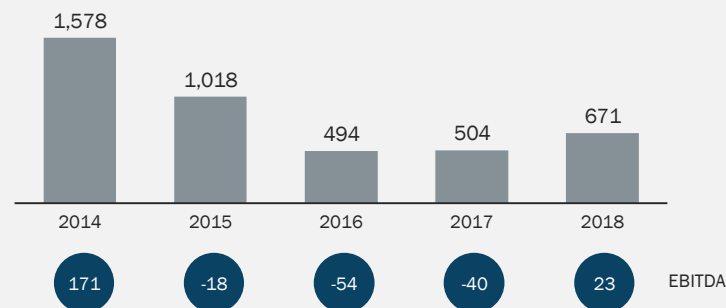
HQ in Oslo, Norway		 ~350 employees
Global reach with offering through offices worldwide		 More than 530 well projects spanning 6 continents

- AGR is a 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
World largest independent well management group with ability to deliver complete well management services	Independent reservoir management advice and unique products such as Multi-Client Regional Studies	Recruitment and consultancy solutions in the form of single placement of experienced drilling and engineering personnel	Proprietary in-house developed WM software and other services such as Operational HSEQ, TRACS training and Facilities solutions

### Revenues and EBITDA (NOKm)\*



\*Pro forma AGR and First Geo

## Step Oiltools at a glance

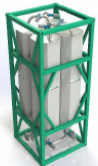
- Leading global provider of Solids Control and Drilling Waste Management services to the oil and gas, and civil engineering industries
- Own fleet of ~130 state-of-the-art centrifuge machines
- Only international drilling waste management independent from fluid and chemistry supply

### Key product offering



#### Environmental Solutions

- Cuttings Treatment Systems
- Drill Cuttings Injection System
- Water Treatment
- Tank Cleaning
- Forced Evaporation
- Cuttings Drying Systems



#### Cuttings Collection Systems

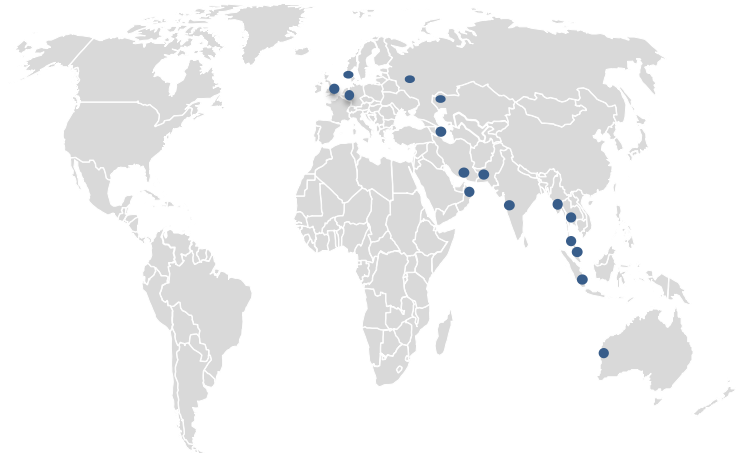
- Bulk Cuttings Storage Systems
- Cuttings Containers
- Vacuum Systems
- Pneumatic Transfer Systems
- Cuttings Augers



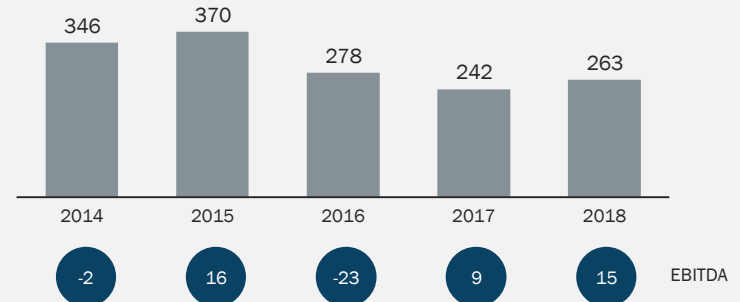
#### Solids Control

- Centrifuges
- Recycling Systems for Civil Engineering

## Strong regional presence in Asia, Europe and ME



### Revenues and EBITDA (NOKm)



## 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

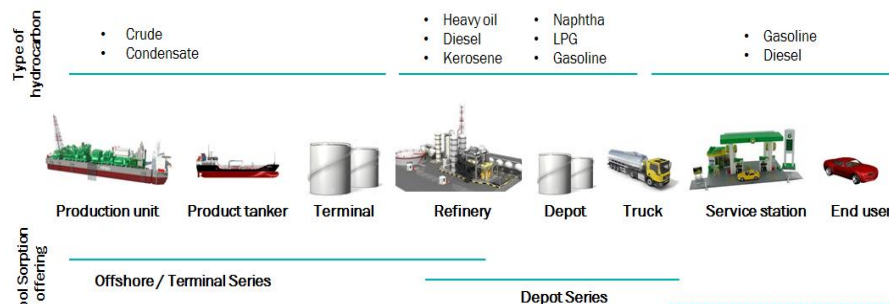
Standardized VRU solutions for smaller oil depots, larger ship or truck loading installations or complete customized systems for complex applications



### 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





# ODL preferred equity and warrant instrument



## Preferred equity of USD 75m

### 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 to be paid in Q2 2019
- Certain rights and covenants<sup>1)</sup> 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
Dividend	5%	5%	5%	5%	5%	5%	8%	9%	10%
PIK interest	5%	5%	5%	5%	5%	5%	5%	5%	5%
Call price	n.a.	125%	120%	115%	110%	105%	100%	100%	100%

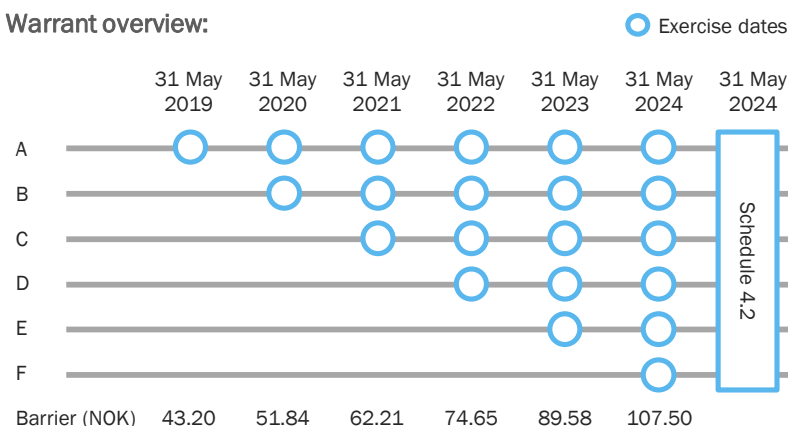
1) The agreement contain several covenants, including but not limited to an obligation not to pay dividends or other distributions exceeding 50% of the net profit from the preceding year (unless a similar portion of the preference capital is repaid prior to the distribution), and in any case not pay 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:

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

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