

# Q1 2016 RESULTS

Kristian Røkke and Leif Borge  
Oslo | May 2, 2016



## Agenda



### FIRST QUARTER HIGHLIGHTS

Kristian Røkke  
CEO



### FINANCIALS

Leif Borge  
CFO

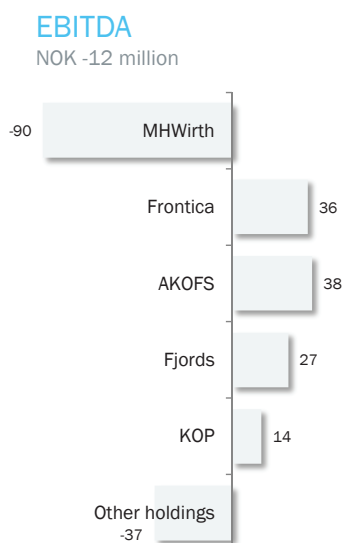


### Q & A

Kristian Røkke and Leif Borge

# Highlights

- ✓ EBITDA of NOK -12 million
  - Normalized EBITDA of NOK 92 million
- ✓ Stable debt and liquidity position
  - Working capital reduced by NOK ~300 million
  - Liquidity reserve of NOK 2.5 billion
- ✓ Significant slowdown in activity across portfolio
- ✓ High level of exploratory business development activity



**EBITDA**  
NOK -12 million

**NIBD**  
NOK 5.1 billion

**Order Backlog**  
NOK 19.5 billion

## Portfolio highlights



- ✓ Reduced activity level amongst clients affecting revenues
- ✓ Order intake of NOK 4.8 billion driven by five-year contract with Aker Solutions



- ✓ Aker Wayfarer conversion continued according to plan
- ✓ AKOFS Seafarer idle in Q1; being marketed towards select opportunities



- ✓ Strong order intake with book-to-bill of 2.3x
- ✓ Strengthened services business and de-risked project portfolio helping margins
- ✓ Mixed market outlook – EMEA/APAC positive, North America challenging



- ✓ Significantly reduced activity levels due to weak 2015 order intake
- ✓ Challenging quarters ahead, but continue to see long-term growth opportunities
- ✓ Focus on expanding customer base and exploring new regions

# MHWirth highlights

- ✓ Significant activity reduction in Q1
  - Slow-down in projects and single equipment
  - Stable lifecycle services performance
  - Revenue decreased by 58 % from Q1 2015
  - EBITDA of NOK 34 million excl. restructuring and MPO
- ✓ Brazil situation remains uncertain
  - Progress in Q1 only on first drilling package
  - Reduced pace to continue until conclusion reached
  - Strong counterparty in Jurong Shipyard
- ✓ Cost reduction programs continuing and business plans being reviewed



## Business environment continues to be challenging

### Business environment

- ✓ Continued declining E&P spending
- ✓ Drilling outlook remains challenging
- ✓ Field development costs declining

### Akastor areas of focus

- ① Managing Brazil uncertainties
- ② Implementing market-adjusted Value Creation Plans across portfolio
- ③ High focus on building long-term transaction possibilities





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## Q & A

Kristian Røkke and Leif Borge

## Condensed consolidated income statement

	First Quarter		Full Year
NOK million	2016	2015	2015
Operating revenues and other income	2 558	4 546	15 869
Operating expenses	(2 569)	(4 370)	(15 168)
<b>Operating profit before depreciation, amortization and impairment (EBITDA)</b>	<b>(12)</b>	<b>177</b>	<b>702</b>
Depreciation and amortization	(249)	(265)	(1 103)
Impairment	(32)	(10)	(1 758)
<b>Operating profit (loss)</b>	<b>(293)</b>	<b>(98)</b>	<b>(2 159)</b>
Net financial items	(192)	(139)	(691)
<b>Profit (loss) before tax</b>	<b>(485)</b>	<b>(237)</b>	<b>(2 851)</b>
Tax income (expense)	119	(14)	286
<b>Profit (loss) from continuing operations</b>	<b>(366)</b>	<b>(251)</b>	<b>(2 564)</b>
Net profit (loss) from discontinued operations	-	-	(23)
<b>Profit (loss) for the period</b>	<b>(366)</b>	<b>(251)</b>	<b>(2 587)</b>

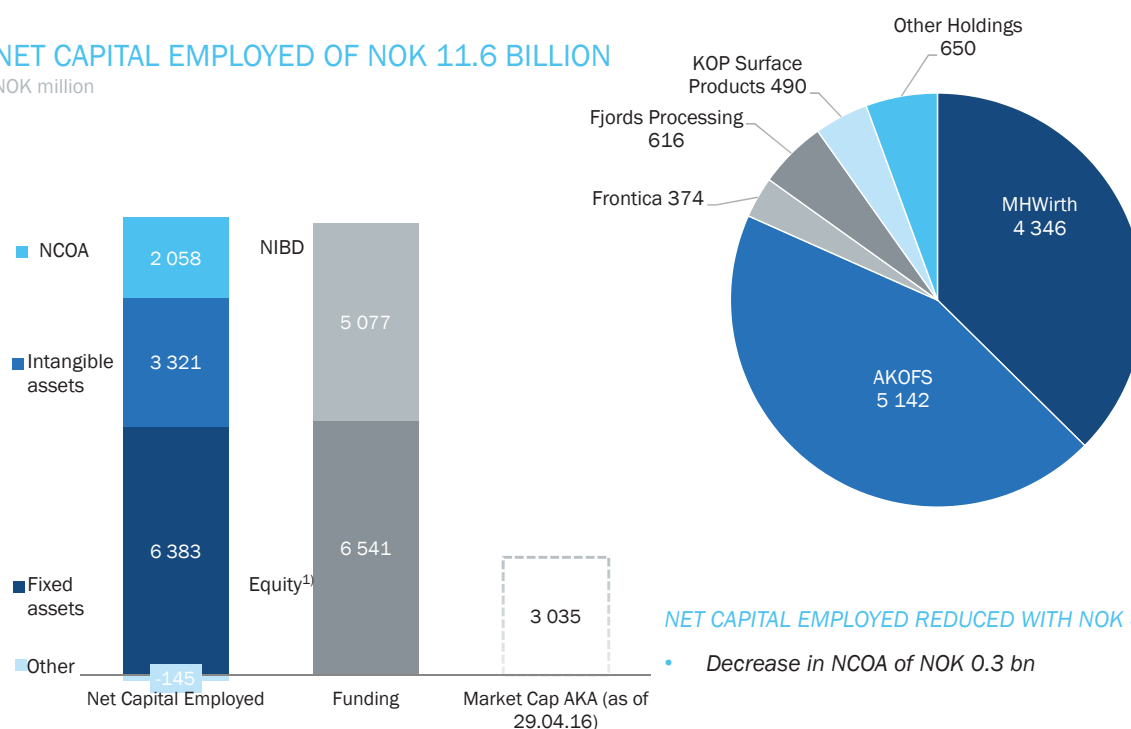
# Financials - Special Items

NOK million	Q1 normal business	Hedging	Restructuring costs	Impairments	Refinancing costs	Sum one-offs	Q1 including all one-offs
<b>EBITDA</b>	<b>92</b>	<b>5</b>	<b>(109)</b>	<b>-</b>		<b>(104)</b>	<b>(12)</b>
Depreciation & amortization	(249)	-	-	-		-	(249)
Impairment	-	-	-	(32)		(32)	(32)
<b>EBIT</b>	<b>(157)</b>	<b>5</b>	<b>(109)</b>	<b>(32)</b>		<b>(136)</b>	<b>(293)</b>
Financial items	(90)	(49)			(53)	(102)	(192)

## The Akastor portfolio

### NET CAPITAL EMPLOYED OF NOK 11.6 BILLION

NOK million



NET CAPITAL EMPLOYED REDUCED WITH NOK 470 mill in Q1

- Decrease in NCOA of NOK 0.3 bn

1) Equity excludes cash flow hedge reserve

# Capital structure

- ✓ Extended existing facilities to 2019
- ✓ New revolving facility of NOK 362.5 million due in 2017
- ✓ Terms:
  - NOK 600 million reduction in two years (2019 facilities)
  - Certain restrictions on dividends, new debt and acquisitions
- ✓ Financial Covenants:
  - Gearing: Net Debt/ Equity < 1.0
  - Minimum liquidity: NOK 750 million
  - Interest coverage ratio: EBITDA/ net interest (see table)
- ✓ Net Debt of NOK 5.1 bn as of Q1:
  - Gross Debt of NOK 5.7 bn
  - Cash of NOK 0.5 bn
  - Interest bearing assets of NOK 0.2 bn
- ✓ Liquidity reserve of NOK 2.5 bn

## FUNDING

	SIZE	MATURITY	MARGIN
REVOLVING	USD 422.5 million	July 2019	1.65%-4.5%
REVOLVING	NOK 2.0 billion	July 2019	1.65%-4.5%
REVOLVING	NOK 362.5 million	June 2017	1.65%-4.5%
BRAZIL FACILITY	BRL 129 million	May 2022	9.4% average cost

## INTEREST COVERAGE RATIO

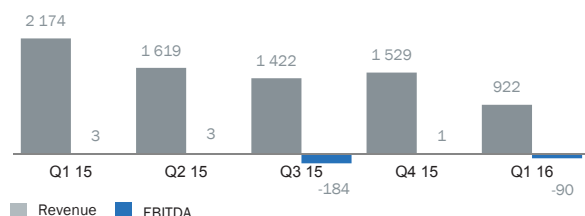
2016		2017	
Q1	0.7	Q1	3.0
Q2	0.7	Q2	4.0
Q3	0.7	Q3	4.0
Q4	1.5	Q4	4.0

# MHWirth

- Revenues down 58 percent in Q1 2016 compared with 2015
- EBITDA of NOK -90 million in the quarter including:
  - Restructuring cost of NOK 97 million
  - MPO NOK -27 million
- Order intake of NOK 683 million mainly from life-cycle services and single equipment
- NCOA down NOK 300 million

## Revenue and EBITDA

NOK million

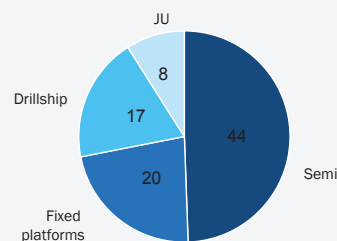


## BUSINESS SPLIT YTD BASED ON REVENUE

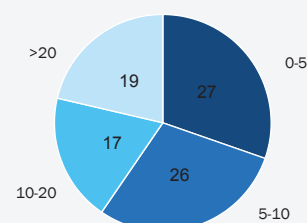


## INSTALLED BASE (89 UNITS)

by type



by age (years)

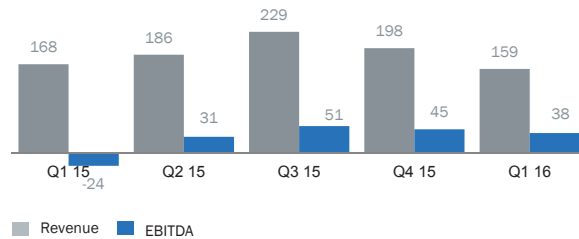


# AKOFS Offshore

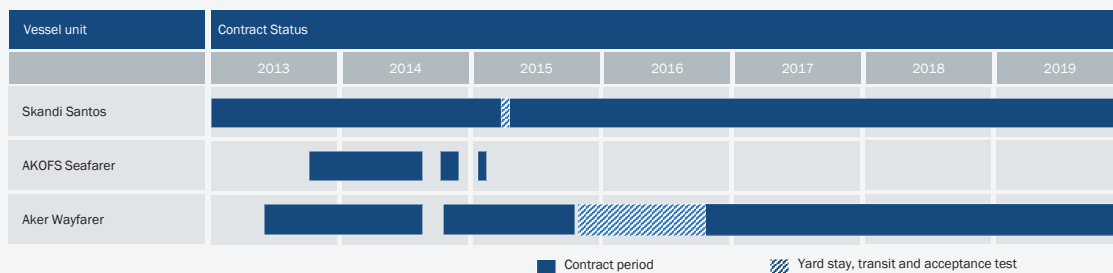
- Skandi Santos with high utilization
- Aker Wayfarer undergoing conversion at yard in Norway preparing for the 5+5 year contract in Brazil
- AKOFS Seafarer remains cold stacked. Opex below USD 10 000 per day

## Revenue and EBITDA

NOK million



## VESSEL PROGRAM

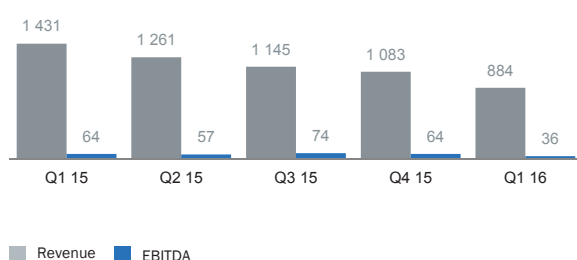


## Frontica

- Revenue of NOK 884 million in the quarter, down 38 % compared with 2015 due to lower activity level of key clients
- EBITDA of NOK 36 million with a margin of 4.1 percent
- Order intake of NOK 4 837 million, mainly from 5 year contract with Aker Solutions

## Revenue and EBITDA

NOK million

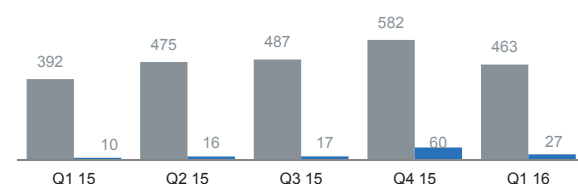


## Fjords Processing

- Revenues of NOK 463 million in Q1, up from NOK 392 million in Q1 2015, mainly due to increased activity within the gas processing market
- EBITDA of NOK 27 million in Q1 compared with NOK 10 million in 2015
- Strong order intake of NOK 1 083 million in Q1

## Revenue and EBITDA

NOK million

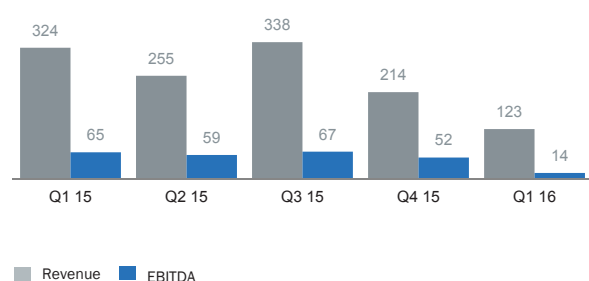


## KOP Surface Products

- Revenues in NOK decreased by 62 % compared with corresponding quarter last year (66 % down in USD)
- EBITDA of NOK 14 million gave a margin of 11.4 % in the quarter
- Order intake of NOK 115 million in Q1

### Revenue and EBITDA

NOK million



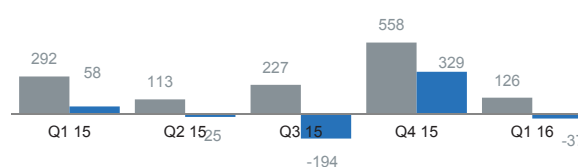
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## Other holdings

- Step Oiltools and First Geo: EBITDA of NOK -11 million
- Effect from hedges not qualifying for hedge accounting of NOK 5 million

### Revenue and EBITDA

NOK million



First Quarter Results 2016 Slide 15

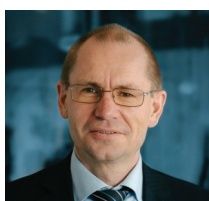
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## Additional information

## Condensed consolidated income statement

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# Condensed consolidated statement of financial position

NOK million	March 31 2016	December 31 2015
Deferred tax assets	654	468
Intangible assets	2 667	2 785
Property, plant and equipment	6 383	6 480
Other non-current assets	260	478
Other investments	454	437
Non-current interest-bearing receivables	110	84
<b>Total non-current assets</b>	<b>10 528</b>	<b>10 732</b>
Current operating assets	7 958	9 171
Current interest-bearing receivables	70	72
Cash and cash equivalents	485	563
<b>Total current assets</b>	<b>8 513</b>	<b>9 805</b>
<b>Total assets</b>	<b>19 041</b>	<b>20 537</b>
Equity attributable to equity holders of Akastor ASA	6 831	7 386
<b>Total equity</b>	<b>6 831</b>	<b>7 386</b>
Deferred tax liabilities	37	51
Employee benefit obligations	417	434
Other non-current liabilities	405	414
Non-current borrowings	5 448	1 583
<b>Total non-current liabilities</b>	<b>6 307</b>	<b>2 483</b>
Current operating liabilities	5 609	6 613
Current borrowings	294	4 054
<b>Total current liabilities</b>	<b>5 902</b>	<b>10 667</b>
<b>Total liabilities and equity</b>	<b>19 041</b>	<b>20 537</b>

## Key figures

### AKASTOR GROUP

Amounts in NOK million	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	2015
Operating revenue and other income	4 546	3 693	3 678	3 952	2 558	15 869
EBITDA	177	141	(169)	552	(12)	702
EBIT	(98)	(143)	(1 576)	(342)	(293)	(2 159)
CAPEX and R&D capitalization	1 127	280	107	146	70	1 659
NCOA	2 956	2 925	2 920	2 340	2 058	2 340
Net capital employed	14 777	14 710	14 297	12 088	11 618	12 088
Order intake	3 079	2 289	2 358	2 779	6 695	10 506
Order backlog	19 998	18 678	17 781	15 616	19 482	15 616
Employees	7 061	6 585	6 098	5 677	5 005	5 677

# Split per company

## MHWIRTH

Amounts in NOK million	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	2015
Operating revenue and other income	2 174	1 619	1 422	1 529	922	6 743
EBITDA	3	3	(184)	1	(90)	(176)
EBIT	(107)	(103)	(351)	(642)	(225)	(1 204)
CAPEX and R&D capitalization	107	152	69	56	12	385
NCOA	2 839	2 887	2 934	2 252	1 953	2 252
Net capital employed	5 863	6 021	6 100	4 729	4 346	4 729
Order intake	788	932	692	1 108	683	3 521
Order backlog	7 659	7 110	6 410	5 750	5 476	5 750
Employees	3 990	3 694	3 334	3 005	2 567	3 005

## FRONTICA

Amounts in NOK million	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	2015
Operating revenue and other income	1 431	1 261	1 145	1 083	884	4 919
EBITDA	64	57	74	64	36	260
EBIT	38	31	45	33	12	147
CAPEX and R&D capitalization	17	8	5	13	-	43
NCOA	(119)	(298)	(426)	(303)	(139)	(303)
Net capital employed	493	300	187	244	374	244
Order intake	1 495	804	1 088	997	4 836	4 384
Order backlog	2 698	2 260	2 235	1 754	5 669	1 754
Employees	1 135	1 065	1 029	983	894	983

# Split per company

## AKOFS OFFSHORE

Amounts in NOK million	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	2015
Operating revenue and other income	168	186	229	198	159	781
EBITDA	(24)	31	51	45	38	104
EBIT	(109)	(56)	(1 082)	(41)	(41)	(1 288)
CAPEX and R&D capitalization	967	61	13	17	48	43
NCOA	31	99	45	69	103	69
Net capital employed	5 563	5 567	5 171	5 183	5 142	5 183
Order intake	120	66	107	12	23	305
Order backlog	6 371	6 194	6 395	6 430	6 145	6 430
Employees	98	102	102	91	93	91

## FJORDS PROCESSING

Amounts in NOK million	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	2015
Operating revenue and other income	392	475	487	582	463	1 936
EBITDA	10	16	17	60	27	104
EBIT	2	7	7	51	18	67
CAPEX and R&D capitalization	8	13	9	15	3	44
NCOA	(97)	(70)	(4)	117	28	117
Net capital employed	515	532	618	715	616	715
Order intake	435	500	391	789	1 083	2 116
Order backlog	1 228	1 245	1 148	1 398	1 983	1 398
Employees	583	572	542	545	548	545

# Split per company

## KOP SURFACE PRODUCTS

Amounts in NOK million	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	2015
Operating revenue and other income	324	255	338	214	123	1 131
EBITDA	65	59	67	52	14	242
EBIT	51	45	53	28	(1)	177
CAPEX and R&D capitalization	4	3	8	16	3	31
NCOA	420	410	442	240	187	240
Net capital employed	718	700	744	555	490	555
Order intake	216	138	108	91	115	553
Order backlog	590	466	264	149	138	149
Employees	848	736	693	682	549	682

## REAL ESTATE AND OTHER HOLDINGS

Amounts in NOK million	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	2015
Operating revenue and other income	292	113	227	558	126	1 190
EBITDA	58	(25)	(194)	329	(37)	168
EBIT	27	(66)	(249)	229	(56)	(59)
CAPEX and R&D capitalization	23	42	4	30	3	99
NCOA	(117)	(103)	(70)	(34)	(72)	(34)
Net capital employed	1 625	1 590	1 478	661	650	661
Order intake	210	46	105	319	95	679
Order backlog	1 728	1 660	1 545	412	368	412
Employees	407	416	398	372	354	372

# AKASTOR





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