

SECOND QUARTER AND HALF YEAR RESULTS 2015

Frank O. Reite and Leif Borge
Oslo | 16 July 2015



AKASTOR

Agenda



SECOND QUARTER HIGHLIGHTS

Frank O. Reite
CEO



FINANCIALS

Leif Borge
CFO



Q & A

Frank O. Reite and Leif Borge

Akastor - Status per second quarter 2015

- Challenging market environment
- MHWirth significantly impacted by the rig market
- Remaining portfolio companies with satisfactory performance
- Taking actions to adapt to the current market



Update 2Q 2015: Akastor as an investment company



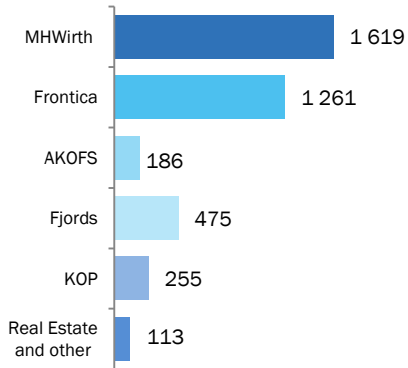
- Significant improvement measures initiated in all portfolio companies
 - Focus on operational improvements
 - Cost saving programs ongoing
 - Substantial reduction in workforce implemented
- Strengthening management teams in portfolio companies
- Focus on long term value creation for our shareholders
 - Develop current portfolio
 - Exploring opportunities
 - Keep financial flexibility
- Divested a property in Norway for around NOK 28 million after closing of the second quarter
- Kristian Røkke new CEO as of 10 August 2015

Update 2Q 2015: Akastor's portfolio

EBITDA adjusted for one-offs: NOK 173 million, in line with previous quarter

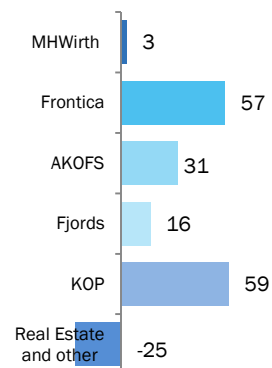
Revenues

NOK 3 693 million



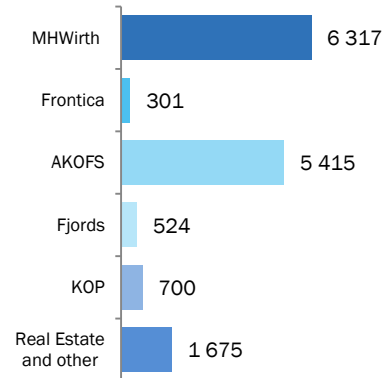
EBITDA

NOK 141 million



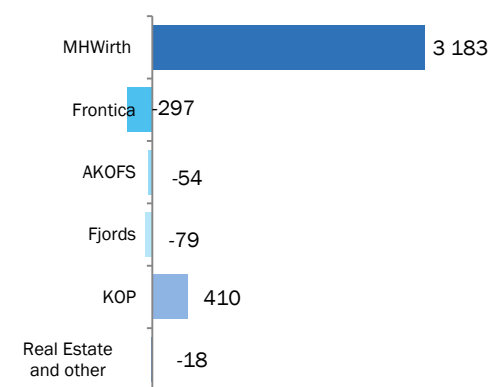
Net capital employed

NOK 14 931 million



NCOA

NOK 3 146 million



Order intake
NOK 2.3 billion

Order backlog
NOK 18.7 billion

Net interest bearing debt
NOK 6.1 billion

The Akastor portfolio – Second quarter highlights

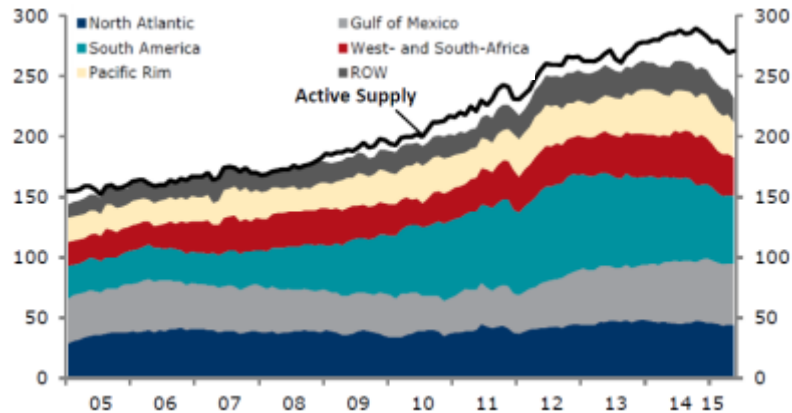
The logo for mhwirth, featuring a stylized white 'M' icon on a blue background followed by the text 'mhwirth' in white lowercase letters.The logo for AKOFS Offshore, featuring a stylized white 'A' icon on a grey background followed by the text 'AKOFS Offshore' in white uppercase letters.The logo for Frontica Business Solutions, featuring a stylized white profile of a head with a wave-like shape on a grey background followed by the text 'Frontica Business Solutions' in white.The logo for FJORDS PROCESSING, featuring a stylized white water drop icon on a grey background followed by the text 'FJORDS PROCESSING' in white uppercase letters.The logo for KOP, featuring a stylized white 'K' icon on a grey background followed by the text 'KOP' in white uppercase letters.

Real estate
and other holdings

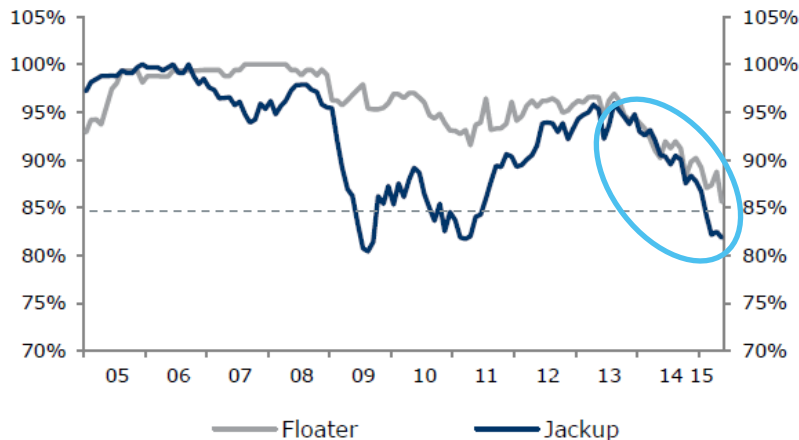
MHWirth: Market still oversupplied

ACTIVE SUPPLY AND REGIONAL DEMAND

#Floaters



RIG UTILIZATION



1: Not including passive fleet

Source: Clarksons Platou Rig Monthly, June 2015

OBSERVATIONS

- Floater utilization of 85%¹, the lowest level in more than 10 years
- Supply/demand gap of 39 floaters with additional 84 in the order books
- No new orders for floaters signed in 1H-2015
- So far in the current down cycle, contractors have announced removal/scraping of 36 floaters

MHWirth: 2Q status

- Rescheduling of some ongoing projects, affecting revenue and working capital level
- Steady life cycle services with revenue of NOK 1.4 billion in 1H 2015, in line with previous year
- Cost improvements: Reduced workforce of 1000 people during 2015
- Progress on packages to Sembcorp Marine Subsidiary Jurong Shipyard for the Brazilian market slowed down until financial situation of Sete Brazil is concluded
- Continued weak results in 2H 2015



MHWirth going forward

SHORT TO MEDIUM TERM

- Executing the backlog
- Secure life cycle services at a high level
- Cost and operational improvements
- Bring down capex and working capital

LONG TERM

- Balance need for capacity adjustments and cost reductions with ambitions to keep competence and technology platform
- Taking advantage of the downturn to strengthening competitive position



The Akastor portfolio – Second quarter highlights

 mhwirth

 **AKOFS**
Offshore

 **Frontica™**
Business Solutions

 **FJORDS**
PROCESSING

 **KOP**

Real estate
and other holdings

AKOFS Offshore



- Skandi Santos operated at close to full utilization from mid April following yard stay
- Aker Wayfarer with full utilization for the quarter
 - Firm contract extended throughout October 2015
 - Commencing 5-year contract in Brazil in 2H 2016
- AKOFS Seafarer was idle during the quarter
 - Initiatives implemented to reduce opex
 - Challenging market situation

GOING FORWARD:

- Long term business in Brazil
- Secure work for AKOFS Seafarer

The Akastor portfolio – Second quarter highlights



- Steady operations in the quarter
- Workforce reductions
- Two strategically important, niche contracts with external customers



- Secured important contracts for the Johan Sverdrup field
- Improving competitive position
- Solid prospect list, uncertainty related to timing of awards



- Record 23 percent EBITDA margin
- Soft market, renewed strategic contract, targeting new markets
- Operational improvements

Real estate
and other holdings

- Divested a property in Norway for NOK 28 million after closing of the second quarter

Meeting the market challenges

THE CHALLENGES

- Weak oil services market development
- Low oil price impacts E&P investments and spending
- Cost base reflects higher activity than the current situation in most of the portfolio companies

ACTIONS

- Immediate cost cutting in portfolio companies
- Maintain financial flexibility
- Strengthening the teams
- Maintain focus on long term value creation
- Pursuing opportunities in the market



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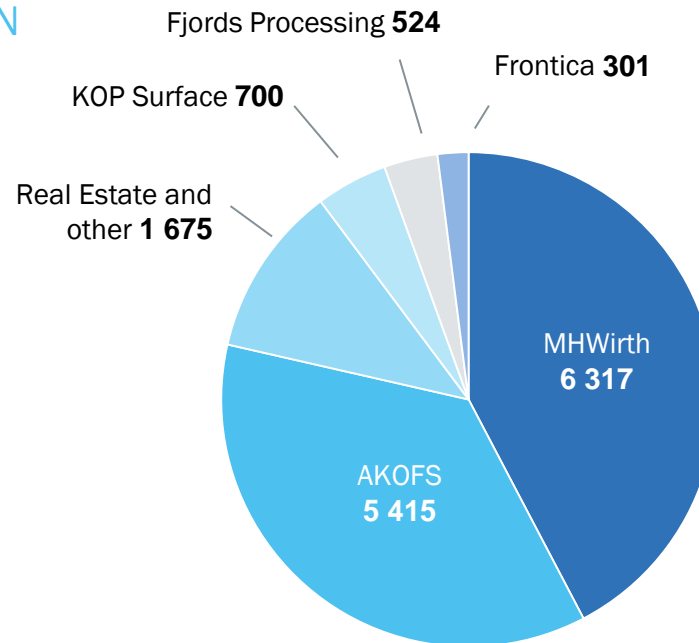
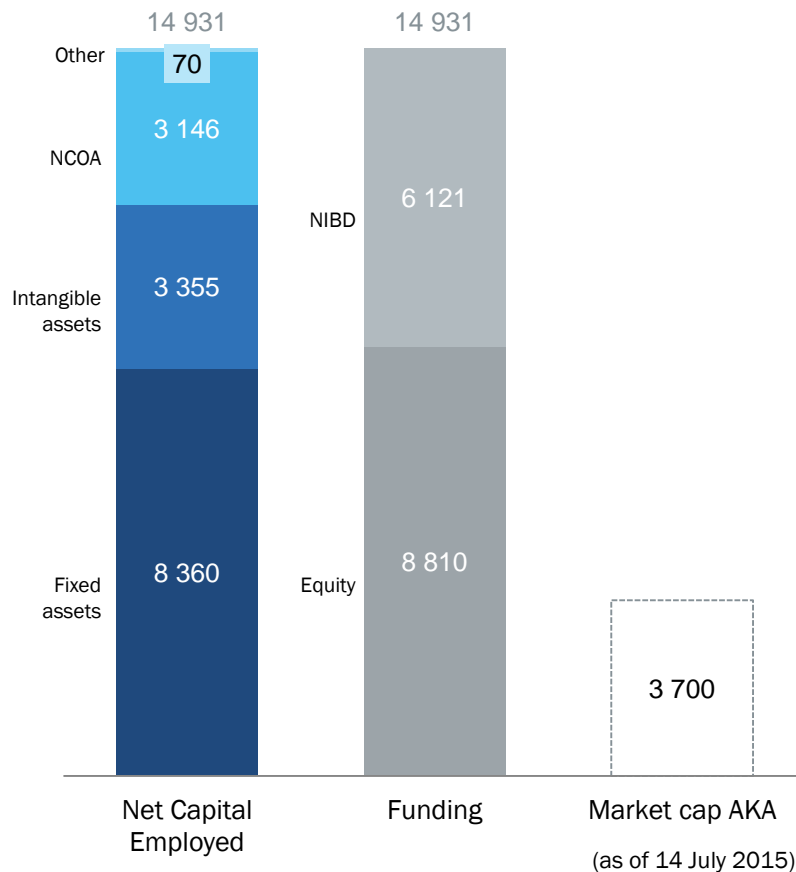
Consolidated income statement

<i>NOK million</i>	Second quarter		First half	
	2015	2014	2015	2014
Operating revenues and other income	3 693	6 013	8 239	11 010
Operating expenses	(3 552)	(6 140)	(7 921)	(10 746)
Operating profit before depreciation, amortization and impairment (EBITDA)	141	(127)	318	265
Depreciation, amortization and impairment	(284)	(1 227)	(559)	(1 447)
Operating profit (loss)	(143)	(1 354)	(241)	(1 182)
Net financial items	(183)	(111)	(322)	(212)
Profit (loss) before tax	(325)	(1 465)	(562)	(1 395)
Tax income (expense)	27	333	13	292
Profit (loss) from continuing operations	(298)	(1 132)	(549)	(1 102)
Net profit from discontinued operations	-	377	-	3 608
Profit (loss) for the period	(298)	(755)	(549)	2 505

The Akastor portfolio

NET CAPITAL EMPLOYED OF NOK 14.9 BILLION

NOK million



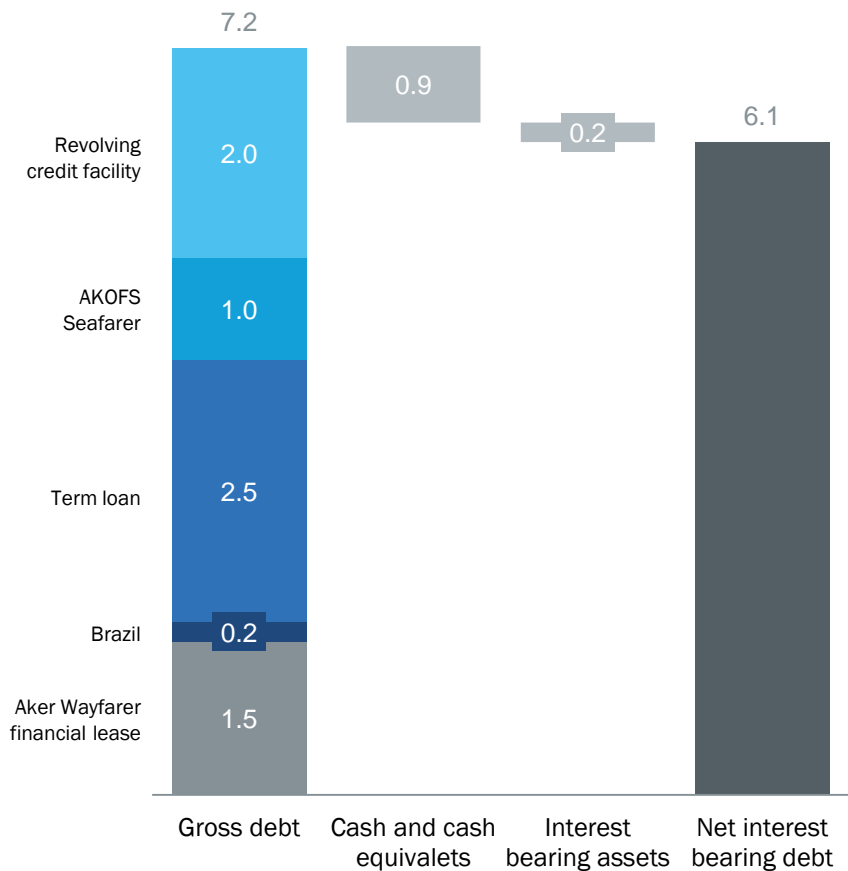
NET CAPITAL EMPLOYED LARGELY IN LINE WITH Q1

- Increase in NCOA of NOK 68 million
- Factoring solution established for Frontica

Capital structure

NIBD OF NOK 6.1 BILLION PER 2Q 2015

NOK billion



FUNDING

	SIZE	MATURITY	MARGIN
TERM LOAN	NOK 2.5 billion	September 2017	1.4%-2.3%
REVOLVING	NOK 2.0 billion	September 2019	1.3%-2.2%
AKOFS SEAFARER FACILITY*	USD 125 million	February 2017	1.4%-1.8%
BRAZIL FACILITY	BRL 129 million	December 2021	6.1% average cost

COVENANTS

- Net borrowings/Equity < 1.0x
As of 2Q: 0.6x
- Interest cover ratio > 4.0x
As of 2Q: 9.7x

LIQUIDITY RESERVE AT 2Q OF NOK ~1.35 BILLION

- Cash of NOK ~0.85 billion
- Undrawn facilities of NOK 0.5 billion

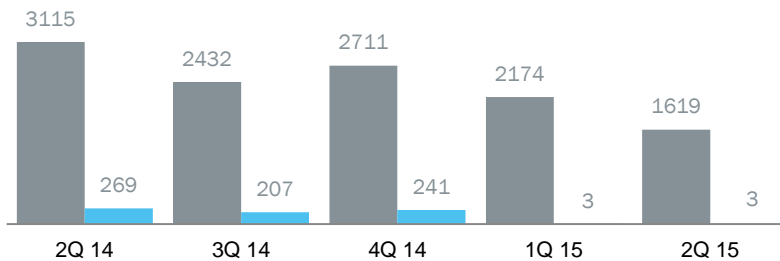
*Loan to Akastor ASA with same terms and conditions as term loan

MHWirth

- Revenues down 32 percent YTD 2015 compared with 2014, revenues from life cycle services stable
- EBITDA of NOK 23 million (before restructuring cost) in the quarter, impacted by capacity costs
- Restructuring cost of NOK 20 million in 2Q from second phase downsizing
- Order intake of NOK 932 million mainly from life-cycle services and single equipment

Revenue and EBITDA

NOK million



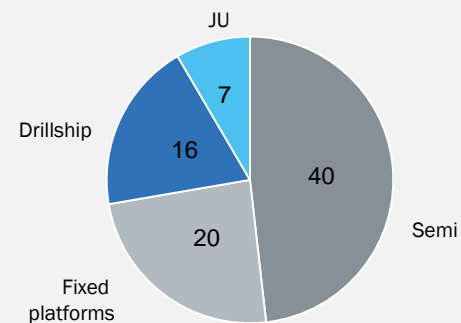
■ Revenue ■ EBITDA

BUSINESS SPLIT YTD BASED ON REVENUE

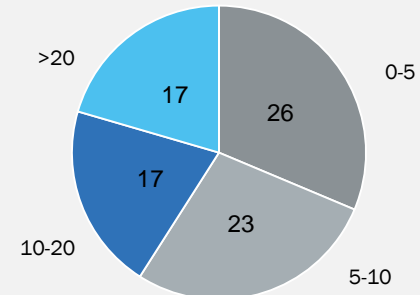


INSTALLED BASE (83 UNITS)

by type



by age (years)

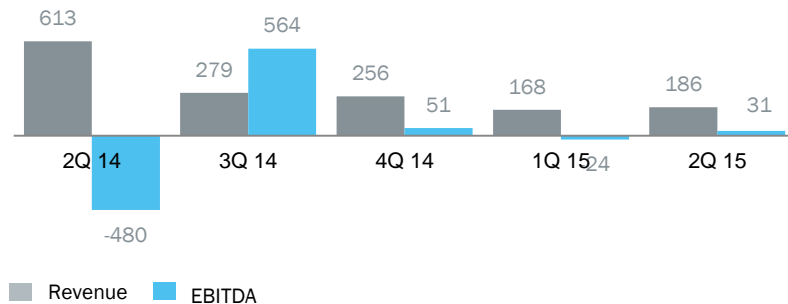


AKOFS Offshore

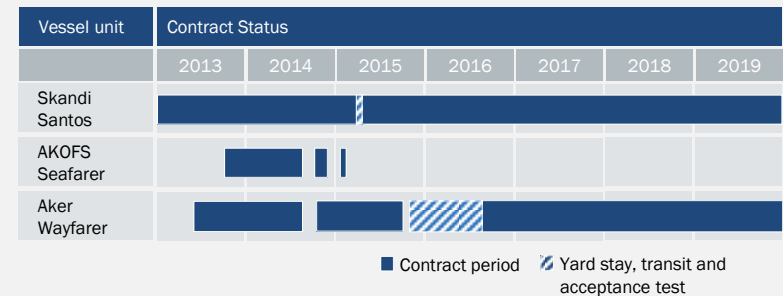
- Aker Wayfarer with full utilization in the quarter
- Skandi Santos with close to full utilization from mid April following yard stay
- AKOFS Seafarer was idle in the quarter
- Reducing the standby opex cost for AKOFS Seafarer

Revenue and EBITDA

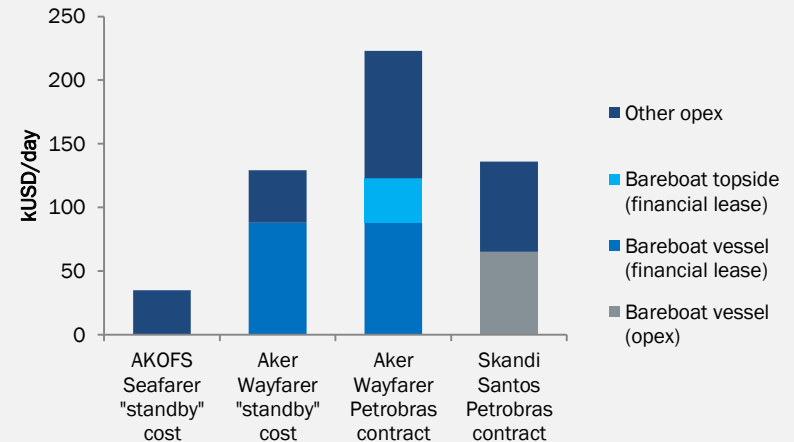
NOK million



VESSEL PROGRAM



INDICATIVE OPEX LEVELS



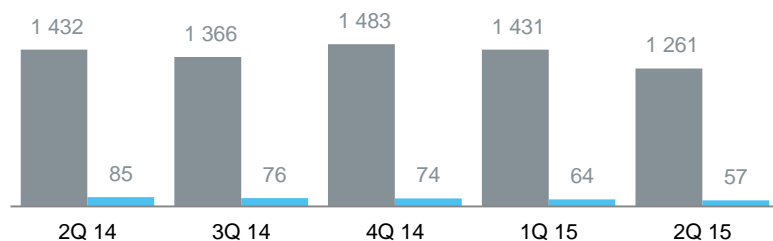
Note: Opex is mainly in BRL and also compensated from Client in BRL. YTD average Exchange rate of XX used for indication of Opex.

Frontica Business Solutions

- Revenue of NOK 1.3 billion in the quarter, down 12 percent compared with 2014 due to lower activity level of key clients
- EBITDA of NOK 57 million with a margin of 4.5%, somewhat impacted by restructuring costs
- Downsizing organisation with around 130 staff

Revenue and EBITDA

NOK million



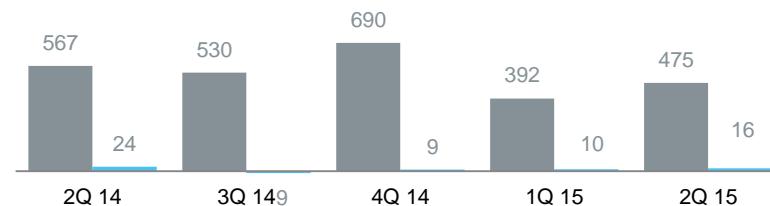
■ Revenue ■ EBITDA

Fjords Processing

- Revenues of NOK 475 million in 2Q, down from NOK 567 million in 2014, impacted by phasing of projects
- EBITDA of NOK 16 million in 2Q compared with NOK 24 million in 2014
- Order intake of NOK 500 million in 2Q

Revenue and EBITDA

NOK million

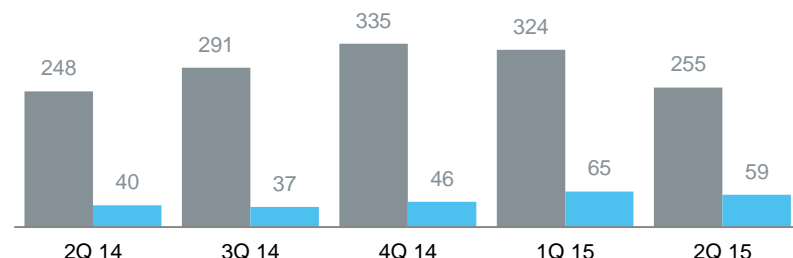


KOP Surface Products

- In NOK revenue increased 17 percent YTD 2015 compared with last year
- In USD revenues were down by 7 percent YTD 2015 compared with last year
- EBITDA of NOK 59 million gave a margin of 23 percent in the quarter, impacted by favourable business mix and cost improvements
- Order intake of NOK 138 million in 2Q indicating soft markets going forward

Revenue and EBITDA

NOK million



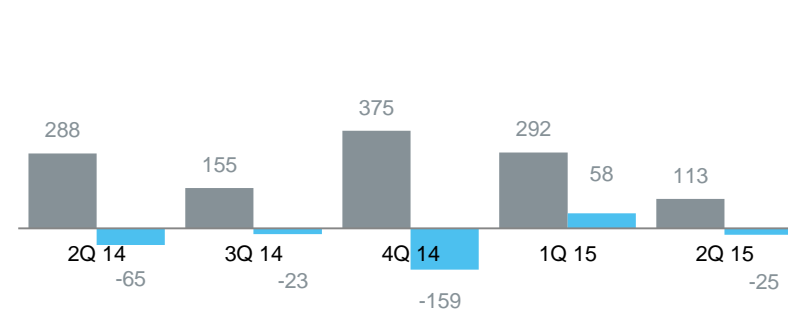
■ Revenue ■ EBITDA

Real Estate and other holdings

- Real Estate and Other Holdings EBITDA of NOK -25 million in the quarter
- Step Oiltools and First Geo: EBITDA of NOK 5 million
- Real Estate with EBITDA of NOK 15 million
- Effect from hedges not qualifying for hedging accounting of NOK -12 million in 2Q, compared to NOK 32 million in 1Q 2015

Revenue and EBITDA

NOK million



Akastor is set up to create value through active ownership



Our mandate

Oilfield services investment company with a flexible mandate for long-term value creation

Our portfolio

Portfolio companies with multiple levers for growth and improvements

Our approach

Value creation through active ownership combining a range of strategic, operational and financial measures

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Additional information

Consolidated balanced sheet

<i>Amounts in NOK million</i>	30.06.2015	31.12.2014
Deferred tax assets	196	214
Intangible assets	3 159	3 122
Property, plant and equipment	7 664	6 469
Investment property	696	707
Other non-current operating assets	569	691
Investments	472	610
Non-current interest-bearing receivables	135	131
Total non-current assets	12 892	11 946
Current operating assets	10 281	11 204
Current interest-bearing receivables	52	205
Cash and cash equivalents	850	1 075
Total current assets	11 182	12 485
Total assets	24 074	24 430
Equity attributable to equity holders of Akastor ASA	8 810	9 378
Total equity	8 810	9 378
Deferred tax liabilities	276	483
Employee benefits obligations	466	473
Other non-current liabilities	229	285
Non-current borrowings	6 891	4 720
Total non-current liabilities	7 863	5 961
Current operating liabilities	7 135	8 782
Current borrowings	265	308
Total liabilities and equity	7 400	9 090
Total current liabilities	24 074	24 430

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Net profit from discontinued operations	-	377	-	3 608
Profit (loss) for the period	(298)	(755)	(549)	2 505

Key figures

AKASTOR GROUP

<i>Amounts in NOK million</i>	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15
Operating revenue and other income	6 014	5 107	5 335	4 546	3 693
EBITDA	(127)	853	262	177	141
EBIT	(1 354)	579	(103)	(98)	(143)
CAPEX and R&D capitalization	311	257	359	1 127	280
NCOA	2 576	2 678	2 422	3 078	3 146
Net capital employed	11 072	12 897	12 995	14 899	14 931
Order intake	4 632	11 356	5 247	3 079	2 289
Order backlog	13 945	20 257	21 555	19 998	18 678
Employees	7 592	7 651	7 609	7 061	6 585

Split per company

MHWIRTH

<i>Amounts in NOK million</i>	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15
Operating revenue and other income	3 115	2 432	2 711	2 174	1 619
EBITDA	269	207	241	3	3
EBIT	196	79	102	(107)	(103)
CAPEX and R&D capitalization	191	206	253	107	152
NCOA	2 946	2 852	2 573	3 153	3 183
Net capital employed	5 379	5 541	5 603	6 177	6 317
Order intake	1 919	1 662	1 569	788	932
Order backlog	11 230	10 526	9 566	7 659	7 110
Employees	4 164	4 255	4 237	3 990	3 694

FRONTICA BUSINESS SOLUTIONS

<i>Amounts in NOK million</i>	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15
Operating revenue and other income	1 432	1 366	1 483	1 431	1 261
EBITDA	85	76	74	64	57
EBIT	60	51	49	38	31
CAPEX and R&D capitalization	20	8	56	17	8
NCOA	(320)	(225)	(237)	(119)	(297)
Net capital employed	136	207	374	493	301
Order intake	1 422	3 634	1 658	1 495	804
Order backlog	86	2 356	2 620	2 698	2 260
Employees	1 408	1 391	1 356	1 135	1 065

Split per company

AKOFS OFFSHORE

<i>Amounts in NOK million</i>	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15
Operating revenue and other income	613	280	256	168	186
EBITDA	(480)	564	51	(24)	31
EBIT	(1 557)	500	(21)	(109)	(56)
CAPEX and R&D capitalization	7	(8)	3	967	61
NCOA	(180)	(86)	(73)	(145)	(54)
Net capital employed	2 345	4 092	4 312	5 387	5 415
Order intake	279	5 457	142	120	66
Order backlog	335	5 495	6 186	6 371	6 194
Employees	134	124	115	98	102

FJORDS PROCESSING

<i>Amounts in NOK million</i>	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15
Operating revenue and other income	567	530	690	392	475
EBITDA	24	(8)	9	10	16
EBIT	18	(16)	1	2	7
CAPEX and R&D capitalization	2	18	35	8	13
NCOA	(114)	(312)	(157)	(125)	(79)
Net capital employed	351	208	436	487	524
Order intake	843	605	505	435	500
Order backlog	1 264	1 319	1 190	1 228	1 245
Employees	511	622	617	583	572

Split per company

KOP SURFACE PRODUCTS

<i>Amounts in NOK million</i>	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15
Operating revenue and other income	248	291	335	324	255
EBITDA	40	37	46	65	59
EBIT	31	28	24	51	45
CAPEX	8	12	5	4	3
NCOA	372	356	375	420	410
Net capital employed	651	649	674	718	700
Order intake	283	137	330	216	138
Order backlog	669	536	659	590	466
Employees	817	816	854	848	736

REAL ESTATE AND OTHER HOLDINGS

<i>Amounts in NOK million</i>	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15
Operating revenue and other income	288	155	375	292	113
EBITDA	(64)	(24)	(159)	58	(25)
EBIT	(102)	(64)	(258)	27	(66)
CAPEX	84	20	7	23	42
NCOA	(127)	93	(58)	(107)	(18)
Net capital employed	2 211	2 200	1 595	1 636	1 675
Order intake	128	150	1 653	210	46
Order backlog	240	261	1 658	1 728	1 660
Employees	558	443	430	407	416

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