

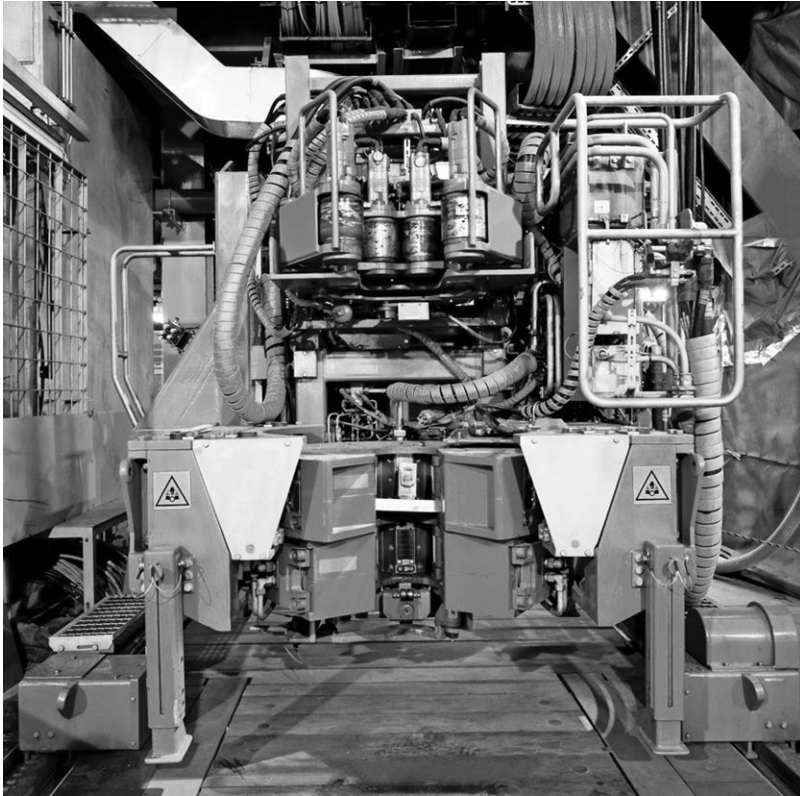
# SECOND QUARTER AND HALF YEAR 2016 RESULTS

Kristian Røkke and Leif Borge  
Oslo | July 14, 2016



AKASTOR

# Agenda



Q2 and 1H 2016  
HIGHLIGHTS  
Kristian Røkke  
CEO



FINANCIALS  
Leif Borge  
CFO



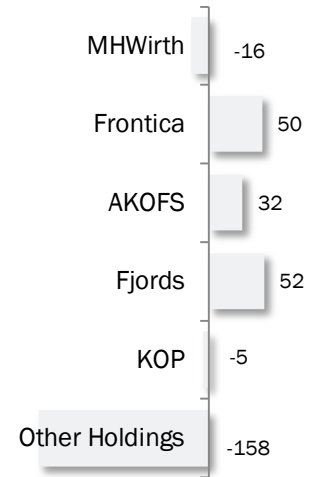
Q & A  
Kristian Røkke and Leif Borge

# Highlights

- ✓ EBITDA of NOK -45 million
  - Normalized EBITDA of NOK 169 million
  - Restructuring charges and onerous lease
  - Satisfactory operational performance in MHWirth, Frontica, and Fjords
  - Challenging market conditions for KOP Surface
- ✓ Sold Managed Pressure Operations (MPO) to AFGlobal
- ✓ Continued market uncertainty, but high business development activity

## EBITDA

NOK -45 million

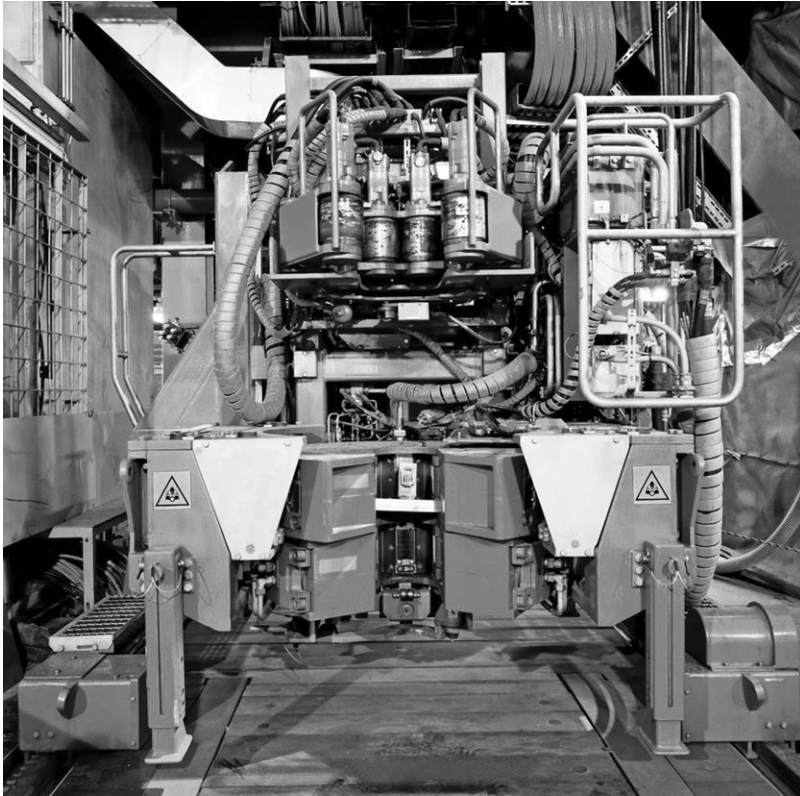


EBITDA  
NOK -45 million

NIBD  
NOK 5.4 billion

Order Backlog  
NOK 15.1 billion

# Agenda



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Q & A  
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# Portfolio Highlights



- ✓ Restructuring coming to an end, work force reduction of 54%
- ✓ Brazil situation remains uncertain
- ✓ MPO sold to AFGlobal in July for USD 10 million, plus an earn out up to USD 65 million



- ✓ Signed five year contract with MHWirth
- ✓ Margin improvement in the quarter



- ✓ Skandi Santos with high utilization
- ✓ Aker Wayfarer conversion completed
- ✓ AKOFS Seafarer idle in Q2; being marketed towards select opportunities



- ✓ Strengthened position in the Middle East, challenging market in North America
- ✓ Book to bill ratio of 1.2 in the first half of 2016
- ✓ Revenue growth and improved margins in the quarter



- ✓ Reduced activity levels due to weak 2015 order intake
- ✓ Focus on expanding customer base and exploring new regions
- ✓ Strong operations, but capacity costs causing negative EBITDA

# Condensed Consolidated Income Statement

<i>NOK million</i>	Second Quarter		First half		Full Year
	2016	2015 (restated)	2016	2015 (restated)	2015 (restated)
Operating revenues and other income	2 782	3 638	5 325	8 034	15 654
Operating expenses	(2 827)	(3 463)	(5 354)	(7 665)	(14 758)
<b>EBITDA</b>	<b>(45)</b>	<b>176</b>	<b>(30)</b>	<b>370</b>	<b>895</b>
Depreciation and amortization	(210)	(233)	(424)	(460)	(944)
Impairment	(35)	(10)	(66)	(10)	(1 257)
<b>Operating profit (loss)</b>	<b>(289)</b>	<b>(67)</b>	<b>(520)</b>	<b>(101)</b>	<b>(1 305)</b>
Net financial items	(377)	(180)	(570)	(321)	(692)
<b>Profit (loss) before tax</b>	<b>(667)</b>	<b>(247)</b>	<b>(1 090)</b>	<b>(422)</b>	<b>(1 997)</b>
Tax income (expense)	99	27	204	42	279
<b>Profit (loss) from continuing operations</b>	<b>(567)</b>	<b>(220)</b>	<b>(886)</b>	<b>(380)</b>	<b>(1 718)</b>
Net profit (loss) from discontinued operations	(270)	(78)	(318)	(168)	(869)
<b>Profit (loss) for the period</b>	<b>(838)</b>	<b>(298)</b>	<b>(1 204)</b>	<b>(549)</b>	<b>(2 587)</b>

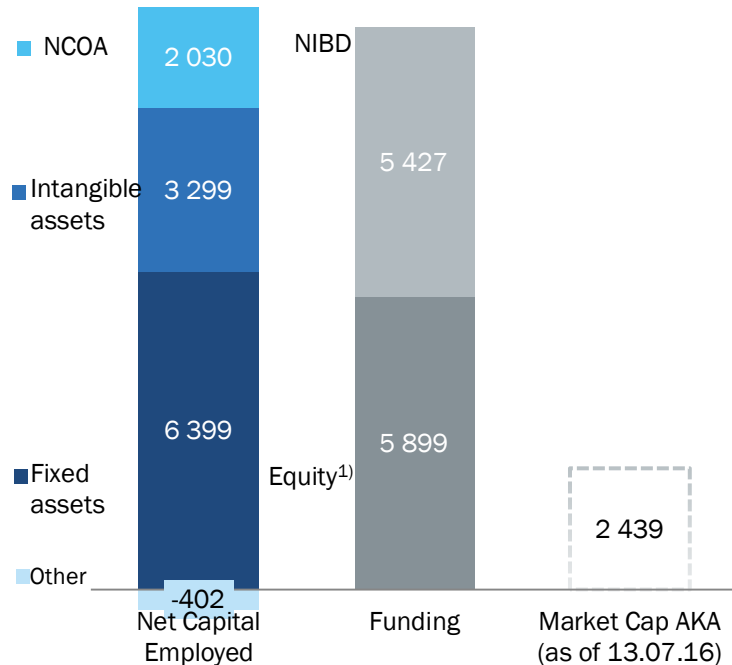
# Analysis of underlying performance

<i>NOK million</i>	Q2 reported	Disqualifying hedges	Impairment	Onerous leases	Restructuring costs	Sum	Q2 underlying
<b>EBITDA</b>	<b>(45)</b>	(8)	-	(110)	(96)	<b>(214)</b>	<b>169</b>
Depreciation & amortization	(210)	-	-	-	-	-	(210)
Impairment	(35)	-	(35)	-	-	<b>(35)</b>	0
<b>EBIT</b>	<b>(289)</b>	-	-	-	-	-	<b>(40)</b>
Net financial items	<b>(377)</b>	(187)	(50)	-	-	<b>(237)</b>	<b>(140)</b>

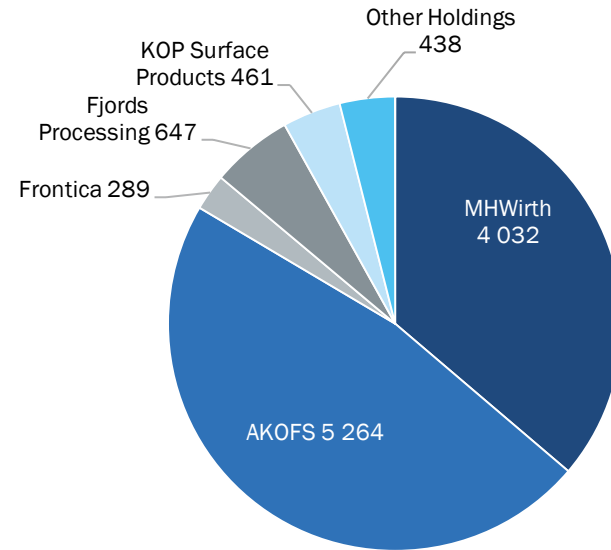
# The Akastor Portfolio

## NET CAPITAL EMPLOYED OF NOK 11.3 BILLION

NOK million



1) Equity excludes cash flow hedge reserve



NET CAPITAL EMPLOYED REDUCED WITH NOK 292 million in Q2.

- Impairment in MPO NOK 185 million

# Capital Structure

- ✓ Net Debt of NOK 5.4 bn as of Q2:
  - Gross Debt of NOK 6.0 bn
  - Cash of NOK 0.3 bn
  - Interest bearing assets of NOK 0.3 bn
- ✓ Liquidity reserve of NOK 2.2 bn
  - Cash of NOK 0.3 bn
  - Undrawn credit facilities of NOK 1.9 bn
- ✓ Financial Covenants:
  - Gearing: Net Debt/ Equity < 1.0 (Wayfarer lease excluded)
  - Minimum liquidity: NOK 750 million
  - Interest coverage ratio: EBITDA/ net interest (see table)

## 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

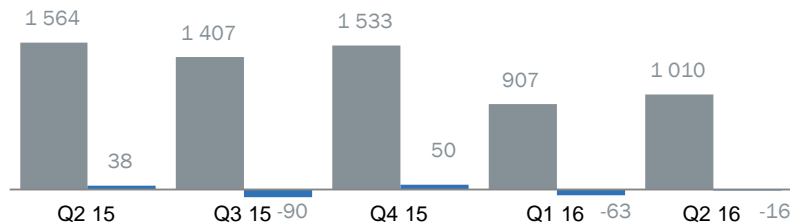
2016		2017	
		Q1	3.0
Q2	0.7	Q2	4.0
Q3	0.7	Q3	4.0
Q4	1.5	Q4	4.0

# MHWirth

- ✓ Revenues down 35% in Q2 2016 compared with 2015
- ✓ EBITDA of NOK -16 million in the quarter including:
  - Restructuring cost of NOK 95 million
- ✓ Order intake of NOK 912 million
- ✓ NCOA down NOK 128 million to NOK 1.7 billion
- ✓ Removed NOK 3.6 billion from backlog

## Revenue and EBITDA

NOK million



■ Revenue ■ EBITDA

## BUSINESS SPLIT YTD BASED ON REVENUE

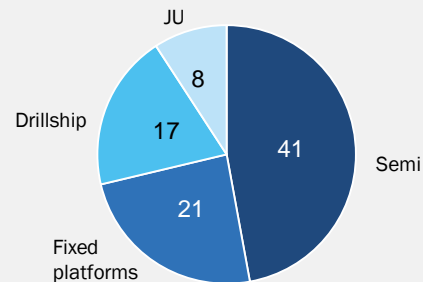
projects; 35%

service; 48%

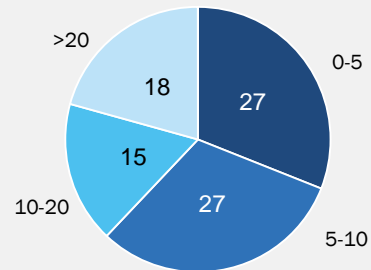
single  
equipment/  
other; 17 %

## INSTALLED BASE (87 UNITS)

by type

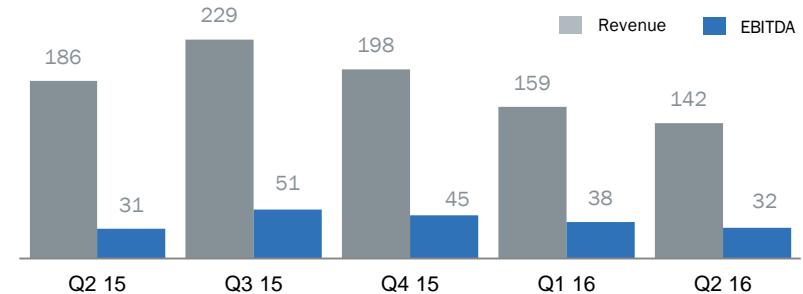


by age  
(years)

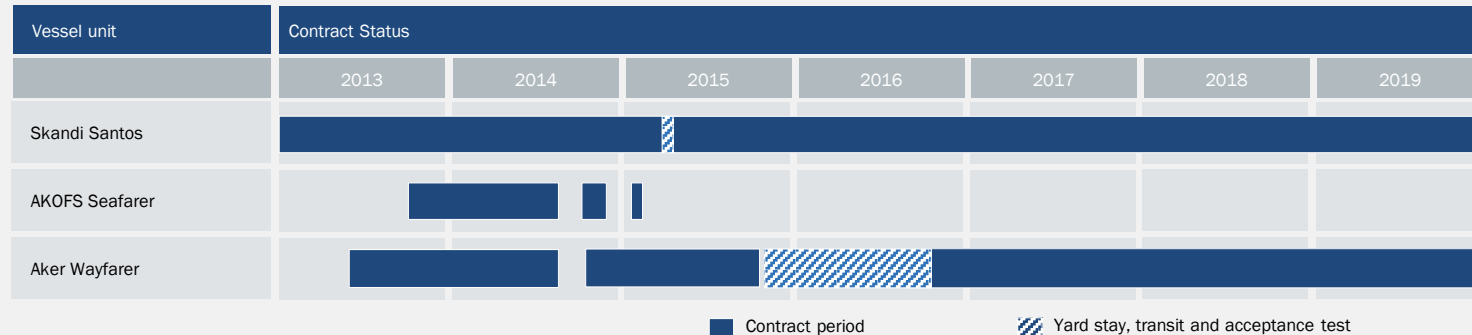


# AKOFS Offshore

- ✓ Skandi Santos with high utilization
- ✓ Aker Wayfarer completed conversion for the Petrobras contract
- ✓ AKOFS Seafarer remains cold stacked. Opex below USD 10 000 per day



## VESSEL PROGRAM

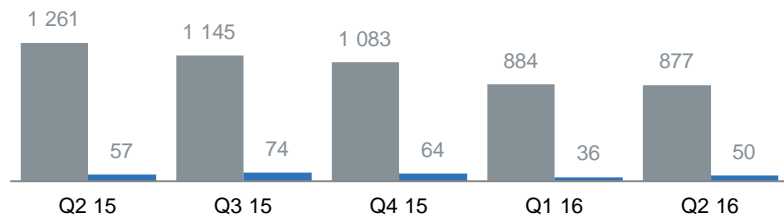


# Frontica

- ✓ Revenue of NOK 877 million in the quarter, down 30 % compared with 2015 due to lower activity level of key clients
- ✓ EBITDA of NOK 50 million with a margin of 5.7 percent
- ✓ Order intake of NOK 410 million, giving a backlog of NOK 5.2 billion

## Revenue and EBITDA

NOK million

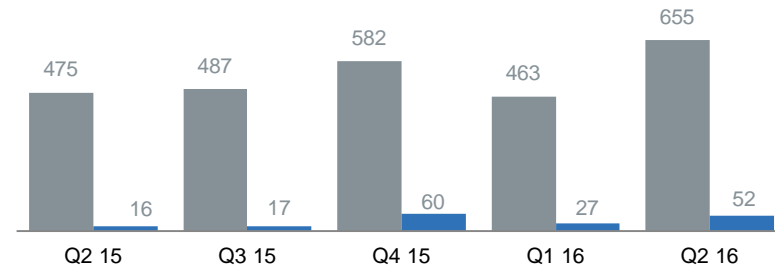


# Fjords Processing

- ✓ Revenues of NOK 655 million in Q2, up 38 % from 2015, driven by Europe and Middle East, and increased activity within the gas processing market
- ✓ EBITDA of NOK 52 million in Q2 compared with NOK 16 million in 2015
- ✓ Order intake of NOK 239 million in Q2

## Revenue and EBITDA

NOK million

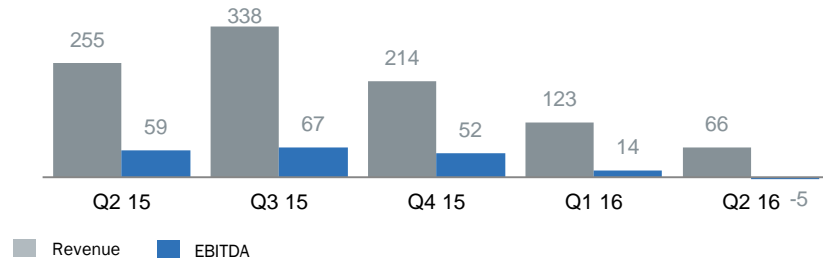


# KOP Surface Products

- ✓ Revenues of NOK 66 million in the quarter, down 74% compared with 2015, due to destocking and weak Asian market
- ✓ EBITDA of NOK -5 million
- ✓ Order intake of NOK 71 million in Q2

## Revenue and EBITDA

NOK million

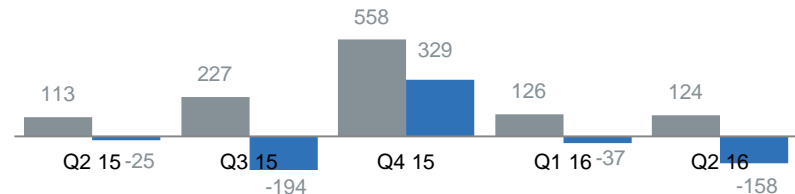


# Other Holdings

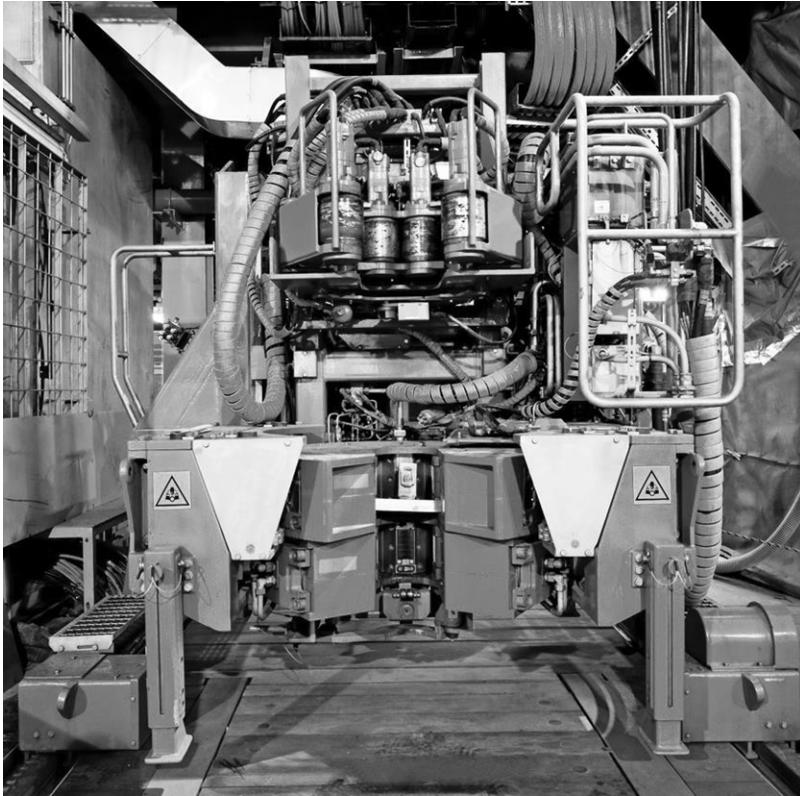
- ✓ Step Oiltools and First Geo: EBITDA of NOK -5 million
- ✓ Provisions for onerous real estate leases of NOK 110 million
- ✓ Effect from hedges not qualifying for hedge accounting of NOK - 8 million
- ✓ DOF Deepwater restructured

## Revenue and EBITDA

NOK million



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# Additional information

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<b>Operating profit (loss)</b>	<b>(289)</b>	<b>(67)</b>	<b>(520)</b>	<b>(101)</b>	<b>(1 305)</b>
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Net profit (loss) from discontinued operations	(270)	(78)	(318)	(168)	(869)
<b>Profit (loss) for the period</b>	<b>(838)</b>	<b>(298)</b>	<b>(1 204)</b>	<b>(549)</b>	<b>(2 587)</b>

# Condensed Consolidated Statement of Financial Position

<i>NOK million</i>	June 30, 2016	December 31, 2015
Deferred tax assets	863	468
Intangible assets	2 436	2 785
Property, plant and equipment	6 399	6 480
Other non-current assets	88	478
Other investments	252	437
Non-current interest-bearing receivables	196	84
<b>Total non-current assets</b>	<b>10 234</b>	<b>10 732</b>
Current operating assets	7 154	9 171
Current interest-bearing receivables	70	72
Cash and cash equivalents	315	563
Assets classified as held for sale	259	-
<b>Total current assets</b>	<b>7 799</b>	<b>9 805</b>
<b>Total assets</b>	<b>18 033</b>	<b>20 537</b>
Equity attributable to equity holders of Akastor ASA	5 718	7 386
<b>Total equity</b>	<b>5 718</b>	<b>7 386</b>
Deferred tax liabilities	87	51
Employee benefit obligations	412	434
Other non-current liabilities	450	414
Non-current borrowings	5 330	1 583
<b>Total non-current liabilities</b>	<b>6 279</b>	<b>2 483</b>
Current operating liabilities	5 304	6 613
Current borrowings	679	4 054
Liabilities classified as held for sale	53	-
<b>Total current liabilities</b>	<b>6 037</b>	<b>10 667</b>
<b>Total liabilities and equity</b>	<b>18 033</b>	<b>20 537</b>

# Key Figures

## AKASTOR GROUP

<i>Amounts in NOK million</i>	Q2 15 <i>(restated)</i>	Q3 15 <i>(restated)</i>	Q4 15 <i>(restated)</i>	Q1 16	Q2 16	YTD 15 <i>(restated)</i>	YTD 16
Operating revenue and other income	3 638	3 663	3 956	2 542	2 782	8 034	5 325
EBITDA	176	(75)	601	15	(45)	370	(30)
EBIT	(67)	(1 439)	235	(231)	(289)	(101)	(520)
CAPEX and R&D capitalization	280	107	146	70	60	1 407	130
NCOA	2 925	2 920	2 340	2 058	2 030	2 925	2 030
Net capital employed	14 710	14 297	12 088	11 618	11 326	14 710	11 326
Order intake	2 289	2 358	2 779	6 695	1 665	5 369	8 360
Order backlog	18 886	18 017	15 852	19 725	15 103	18 886	15 103
Employees	6 406	5 935	5 566	4 915	4 414	6 585	4 414

# Split per Company

## MHWIRTH (continuing operations)

<i>Amounts in NOK million</i>	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	YTD 15	YTD 16
Operating revenue and other income	1 564	1 407	1 533	907	1 010	3 588	1 917
EBITDA	38	(90)	50	(63)	(16)	58	(79)
EBIT	(27)	(214)	(66)	(163)	(119)	(70)	(282)
CAPEX and R&D capitalization	148	63	50	11	14	248	25
NCOA	2 770	2 836	2 133	1 811	1 683	2 770	1 683
Net capital employed	5 151	5 212	4 285	3 909	4 032	5 151	4 032
Order intake	896	671	1 139	631	912	1 665	1 542
Order backlog	7 019	6 313	5 654	5 363	1 668	7 019	1 668
Employees	3 515	3 171	2 894	2 477	2 059	3 515	2 059

## FRONTICA

<i>Amounts in NOK million</i>	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	YTD 15	YTD 16
Operating revenue and other income	1 261	1 145	1 083	884	877	2 692	1 761
EBITDA	57	74	64	36	50	121	86
EBIT	31	45	33	12	26	69	38
CAPEX and R&D capitalization	8	5	13	-	6	26	6
NCOA	(298)	(426)	(303)	(139)	-156	(298)	(156)
Net capital employed	300	187	244	374	289	300	289
Order intake	804	1 088	997	4 837	410	2 298	5 247
Order backlog	2 260	2 235	1 754	5 670	5 200	2 260	5 200
Employees	1 065	1 029	983	894	810	1 065	810

# Split per Company

## AKOFS OFFSHORE

<i>Amounts in NOK million</i>	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	YTD 15	YTD 16
Operating revenue and other income	186	229	198	159	142	354	301
EBITDA	31	51	45	38	32	7	70
EBIT	(56)	(1 082)	(41)	(41)	(45)	(165)	(86)
CAPEX and R&D capitalization	61	13	17	48	25	1 027	73
NCOA	99	45	69	103	256	99	256
Net capital employed	5 567	5 171	5 183	5 142	5 264	5 567	5 264
Order intake	66	107	12	23	7	186	30
Order backlog	6 194	6 395	6 430	6 145	6 160	6 194	6 160
Employees	102	102	91	93	93	102	93

## FJORDS PROCESSING

<i>Amounts in NOK million</i>	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	YTD 15	YTD 16
Operating revenue and other income	475	487	582	463	655	867	1 118
EBITDA	16	17	60	27	52	26	78
EBIT	7	7	51	18	43	9	60
CAPEX and R&D capitalization	13	9	15	3	10	21	13
NCOA	(70)	(4)	117	28	81	(70)	81
Net capital employed	532	618	715	616	647	532	647
Order intake	500	391	789	1 083	239	936	1 322
Order backlog	1 245	1 148	1 398	1 983	1 559	1 245	1 559
Employees	572	542	545	548	543	572	543

# Split per Company

## KOP SURFACE PRODUCTS

<i>Amounts in NOK million</i>	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	YTD 15	YTD 16
Operating revenue and other income	255	338	214	123	66	579	188
EBITDA	59	67	52	14	(5)	124	9
EBIT	45	53	28	(1)	(19)	96	(19)
CAPEX and R&D capitalization	3	8	16	3	2	8	5
NCOA	410	442	240	187	163	410	163
Net capital employed	700	744	555	490	461	700	461
Order intake	138	108	91	115	71	354	186
Order backlog	466	264	149	138	144	466	144
Employees	736	693	682	549	502	736	502

## OTHER HOLDINGS

<i>Amounts in NOK million</i>	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	YTD 15	YTD 16
Operating revenue and other income	113	227	558	126	124	406	250
EBITDA	(25)	(194)	329	(37)	(158)	33	(194)
EBIT	(66)	(249)	229	(56)	(175)	(39)	(231)
CAPEX and R&D capitalization	42	4	30	3	2	65	5
NCOA	(103)	(70)	(34)	(72)	15	(103)	15
Net capital employed	1 590	1 478	661	650	438	1 590	438
Order intake	46	105	319	95	103	255	198
Order backlog	1 660	1 545	412	368	284	1 660	284
Employees	416	398	372	354	327	416	327

# AKASTOR



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