

Third-Quarter Results 2014

Oslo | 6 November 2014

Frank O. Reite and Leif Borge



AKASTOR

Agenda



Introduction

Frank O. Reite
CEO



Financials

Leif Borge
CFO

Q&A

Q&A Session

Frank O. Reite
Leif Borge



This is Akastor

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





3Q 2014 | Key takeaways



- Demerger completed, listed on Oslo Stock Exchange
- New organization and governance model established
- Order intake of NOK 11.4bn
 - AKOFS secured two contracts with Petrobras. Contract value NOK 5.5 bn
 - Frontica order intake of NOK 3.6 bn
- Challenging rig market, but stable after-market activity for MHWirth
 - Order intake of NOK 1.7 bn
- Net interest bearing debt of NOK 3.6 bn
 - NOK 1.4 bn related to re-classification of Aker Wayfarer to financial lease
- EBITDA of NOK 228 million
 - ex reversal of provision of NOK 624 million

Our portfolio – Third quarter highlights

MHWirth		<ul style="list-style-type: none"> • Demanding rig market – no new drilling packages • Life-cycle services performs well
AKOFS Offshore		<ul style="list-style-type: none"> • Secured a home for Skandi Santos and Aker Wayfarer in Brazil • Focus on securing long term well intervention contract for Skandi Aker
Frontica Business Solutions		<ul style="list-style-type: none"> • Steady operations • Focus on maintaining flexible cost base
Fjords Processing		<ul style="list-style-type: none"> • Financial performance impacted by one challenging project • Approx. 40 percent of the activity is onshore
KOP Surface Products		<ul style="list-style-type: none"> • 20 percent growth in revenues year to date • Strong market position in Asia Pacific maintained
Real estate and other holdings	    	<ul style="list-style-type: none"> • Step Oiltools: Focus on increasing utilization on existing rental fleet • Real Estate: Signed agreement to sell shares in Hinna Park (4Q)

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Consolidated income statement

NOK million	3Q 14	3Q 13	YTD 2014	YTD 2013	2013
Revenues	5 096	4 234	16 106	13 370	18 448
EBITDA	852	354	1 117¹	960	1 376
Of which related to non-recurring items	595	-	159	-	-
Of which related to hedging	32	(26)	33	(17)	(47)
Depreciation and amortization ²	(274)	(189)	(1 721) ²	(911) ³	(1 119) ³
EBIT	578	165	(604)	49	257
Net financial items	(110)	(154)	(324)	(421)	(561)
Foreign exchange on disqualified hedging instruments	(229)	(11)	(227)	31	84
Profit after financial items	239	-	(1 155)	(341)	(220)
Tax	(49)	(7)	243	56	(2)
Net profit continuing operations	190	(7)	(912)	(285)	(222)

1) Includes YTD demerger expenses of MNOK -45 (MNOK -29 in 3Q), gain Expo Hotel Fornebu MNOK +113 (2Q), Skandi Aker termination MNOK +241 (2Q), Aker Wayfarer lease provision MNOK +624 (3Q) and Onerous leases MNOK -150 (2Q)

2) Includes YTD impairment related to demerger of -61 MNOK (Q3), AKOFS Offshore MNOK -996 (2Q)

3) Includes YTD impairment related to AKOFS Offshore -361 MNOK

Aker Wayfarer reclassified to financial lease

Reclassification triggered by the extension and prolongation of the charter contract with Ocean Yield.

EFFECTS

I

Provision for future vessel leases released with positive EBITDA effect of NOK 624 million in 3Q 14

II

Fixed asset value of vessel and topside of NOK 1 500 million:

- Covers the NOK 600 million investment in topside equipment
- Additional CAPEX of approximately NOK 250 million in 2015 and 2016 for owners cost, docking, importation and ops preparation
- Est. annual depreciation:
 - ~NOK 40 million in 2015
 - ~NOK 75 million in 2016
 - ~NOK 120 million thereafter
- Purchase options in 2021, 2026, 2027

III

Lease liability of NOK 1,372 million:

- Charter rates Vessel:
 - ~TNOK 579/day until Sept 2021
 - ~TUSD 50/day thereafter
- Charter rate Topside equipment:
~TUSD 36 from 2H 2016
~TUSD 33 from Sept 2021

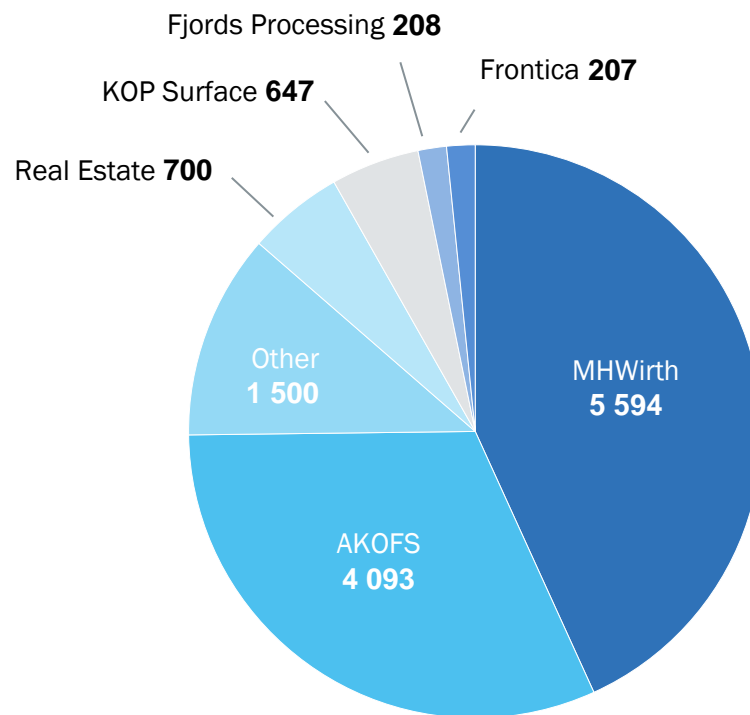
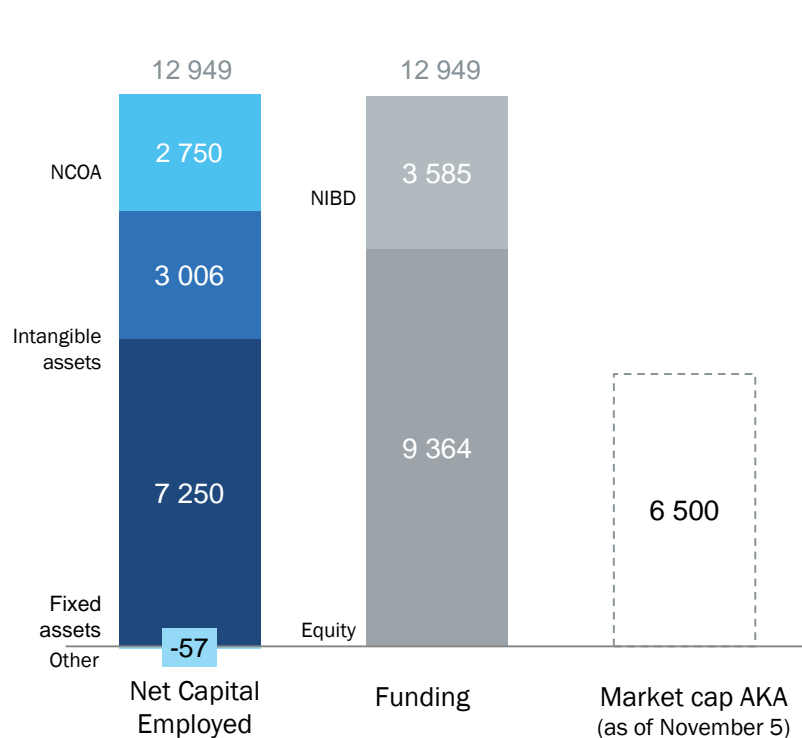
Demerger effects in 3Q 2014

1. Financial items: Interest revenue and cost of “old Aker Solutions” divided between Akastor and “New Aker Solutions”, not representative for future interest revenues and costs
2. Different types of demerger costs of in total NOK 29 million in the quarter
3. Depreciations and impairments of Non-current Assets of NOK 61 million



The Akastor portfolio

Net capital employed of NOK 12.9 billion
NOK million



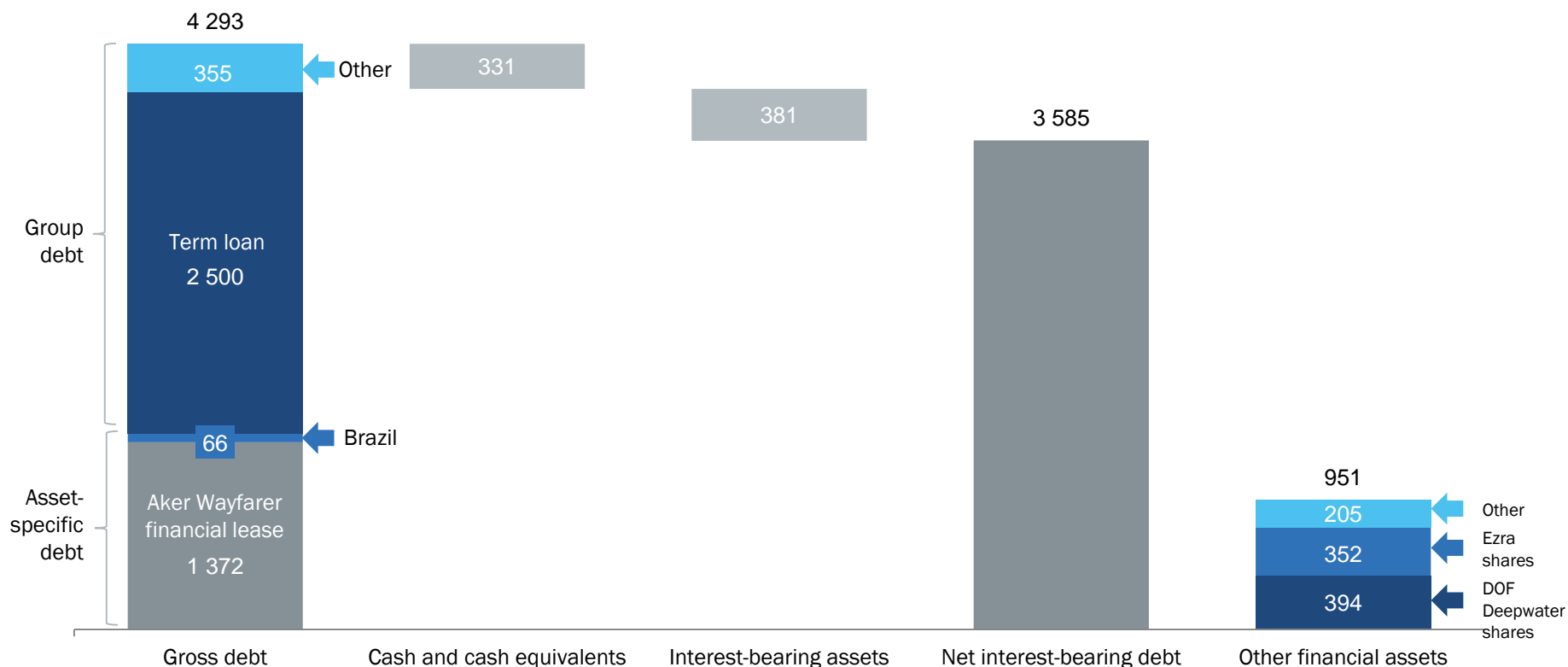
1) Including leased asset of NOK 1 500 million

Interest Bearing Items

NOK million

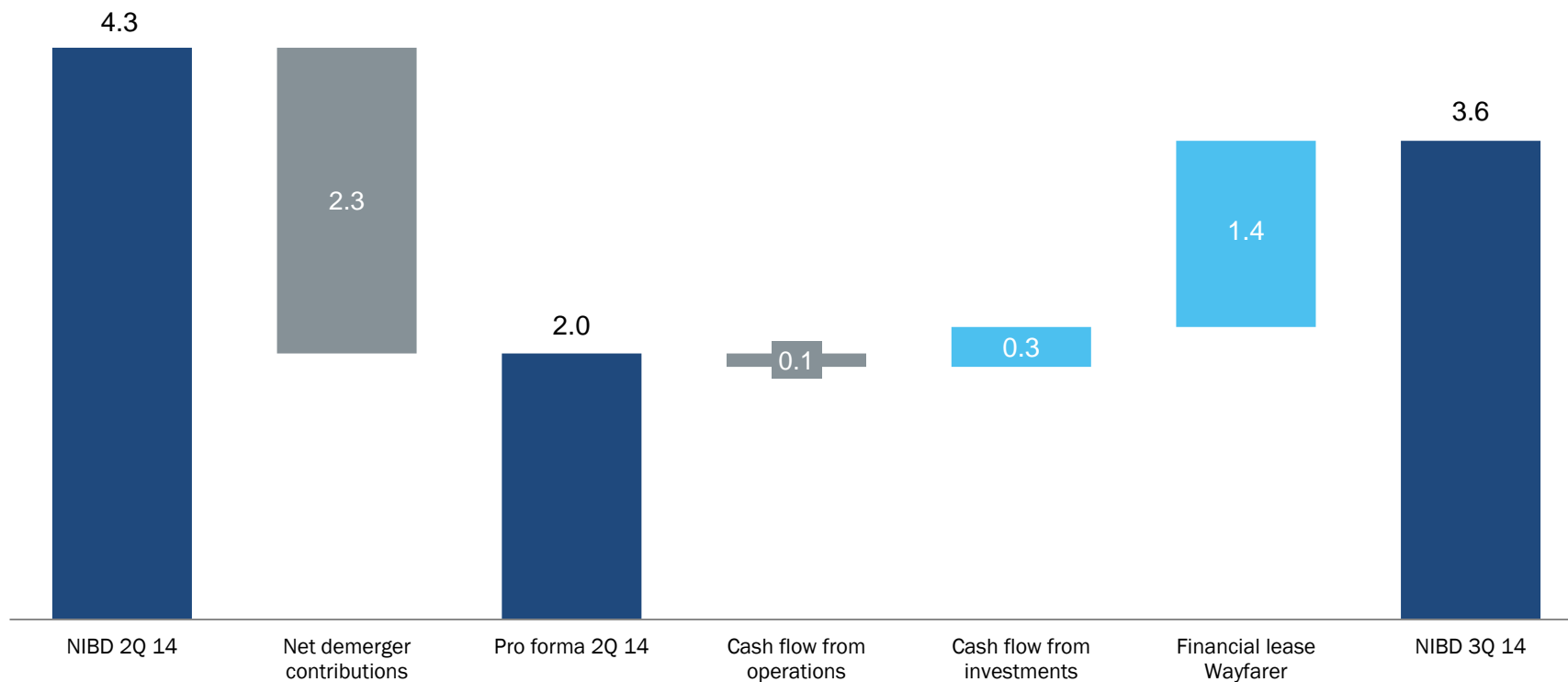
Liquidity reserve
of NOK 2.3 billion

- Credit facility NOK 2.0 billion
- Cash NOK 331 million



Cash flow Q3

NOK billion

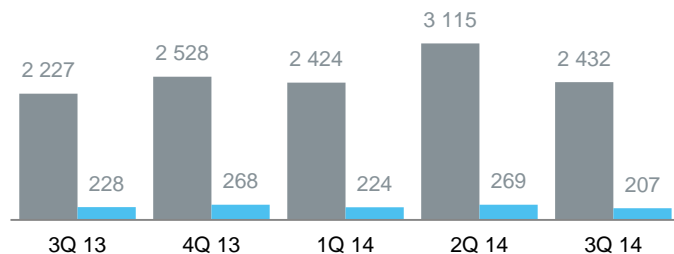


MHWirth – challenging drilling market

- Revenues rose 14 percent year-to-date compared with previous year
- EBITDA margin decreased to 8.5 percent in the quarter from 10.2 percent last year
- Margins on equipment packages still very low, partly due to execution issues and partly due to many new designs
- Sales of life-cycle services continued to grow
- Order intake of NOK 1.7 bn mainly from life-cycle services and single equipment
- NCOA level still high with NOK 2.9 bn

Revenue and EBITDA

NOK million



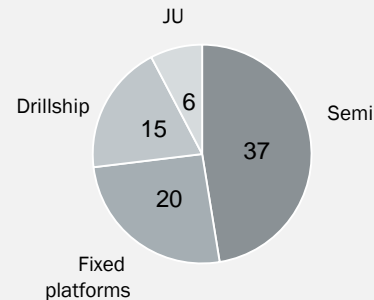
■ Revenue ■ EBITDA

PRODUCT SPLIT YTD

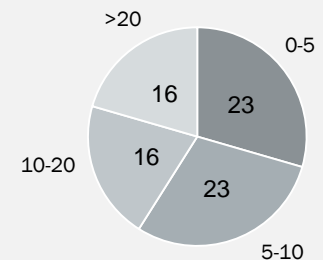


INSTALLED BASE (78 UNITS)

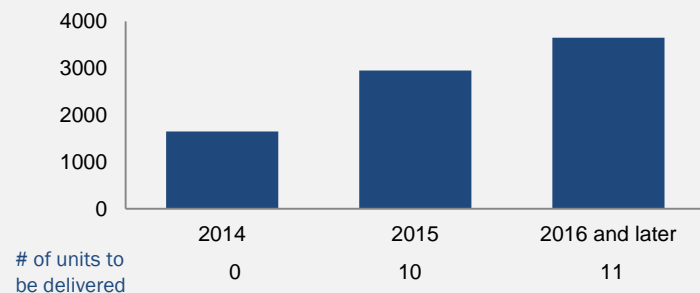
by type



by age



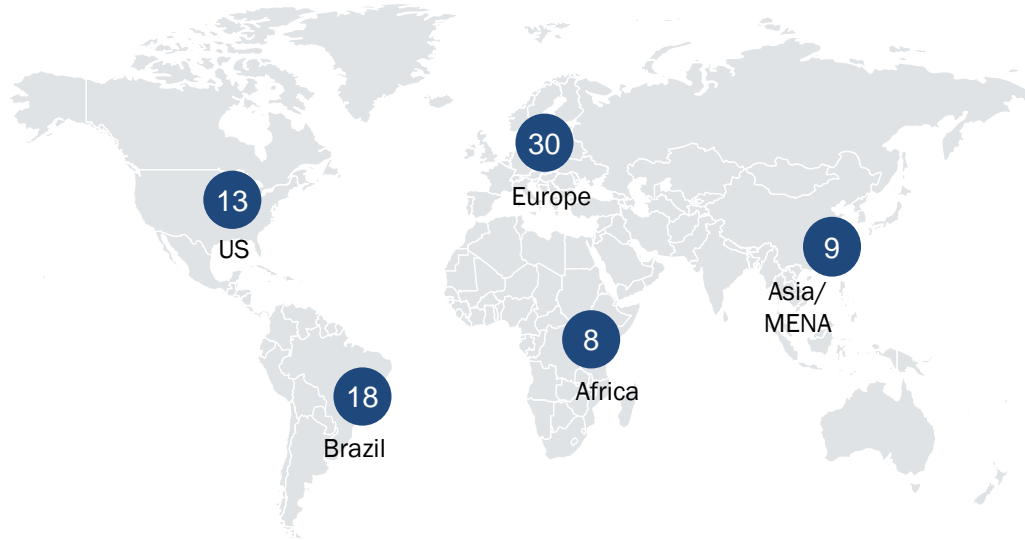
PROJECTS BACKLOG



Installed base of drilling packages drives 80% of MHWirth's aftermarket revenues

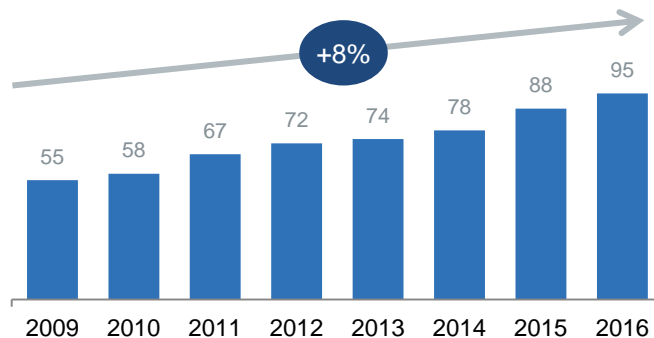
Current installed base by region per end 2014

78 in total



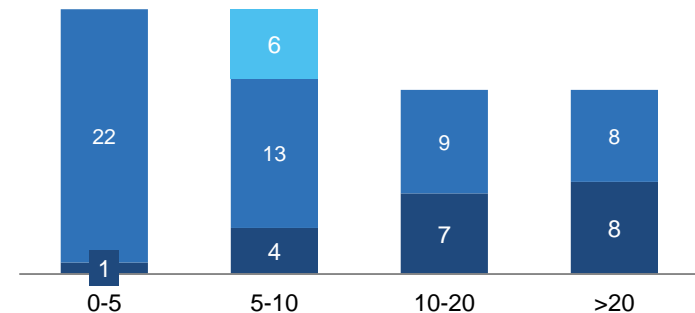
Installed base development

Number of drilling packages



Installed base by age and type

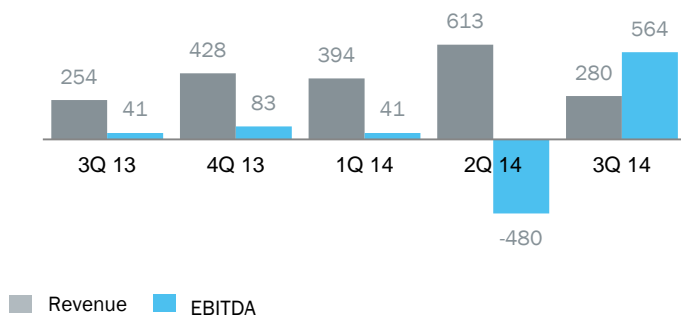
■ Fixed ■ Floater ■ Jackup



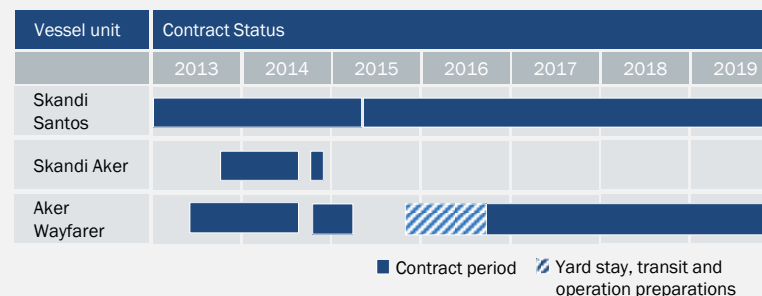
AKOFS Offshore secured long term contracts

- Revenues of NOK 280 million mainly from Aker Wayfarer and Skandi Santos
- EBITDA of NOK 564 million was impacted positively by releasing the remaining provision for the Aker Wayfarer vessel of NOK 624 million
- Five year extension of contract for Skandi Santos and five year contract for Aker Wayfarer, both with Petrobras, total order intake of NOK 5.5 bn
- Skandi Aker idle in 3Q, on contract in Ghana for minimum 4 weeks in 4Q
- Aker Wayfarer on contract in Germany for 4 months from November

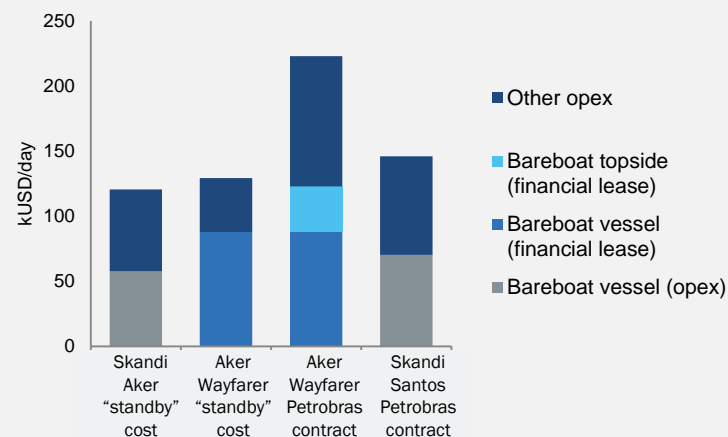
Revenue and EBITDA
NOK million



VESSEL PROGRAM



INDICATIVE OPEX LEVELS

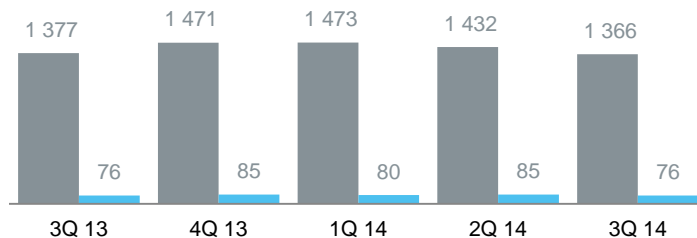


Frontica Business Solutions

- Revenue of NOK 1.4 billion in the quarter, on the same level as a year earlier
- EBITDA margin of 5.6 percent, same level as previous quarters
- Backlog of NOK 2.4 billion represents estimated value of the fixed contracts and frame agreements, while in the past no backlog was booked for internal clients

Revenue and EBITDA

NOK million



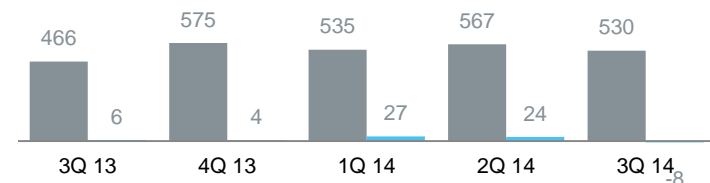
■ Revenue ■ EBITDA

Fjords Processing

- Revenues rose 14 percent year-to-date
- Negative EBITDA of NOK 8 million significantly impacted by one loss-making project
- Order intake of NOK 605 million in the quarter, increasing the backlog to NOK 1.3 billion
- Negative NCOA of NOK 312 million

Revenue and EBITDA

NOK million

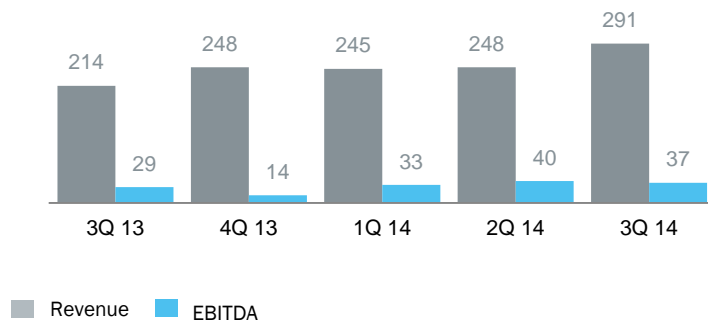


KOP Surface Products

- Revenue rose 25 percent year-to-date, of which 5 percent due to currency
- EBITDA of NOK 37 million gave a margin of 12.7 percent in the quarter
- NCOA of NOK 356 million

Revenue and EBITDA

NOK million

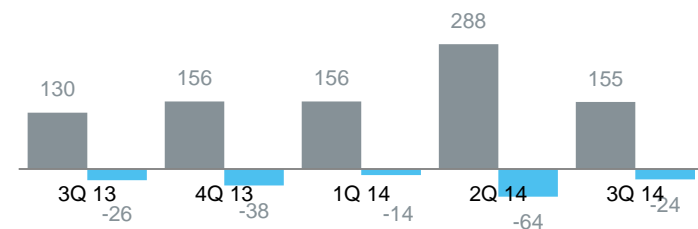


Real Estate and other holdings

- Real Estate: EBITDA of NOK 6 million, net of capacity costs in leased office buildings of NOK 9 million
- Step Oiltools and First Geo: negative EBITDA of NOK 12 million, impacted by inventory write offs in Step Oiltools
- Total non-recurring items related to the demerger was negative with NOK 29 million
- Hedges not qualifying for hedging accounting was positive with NOK 32 million
- Run rate corporate costs of NOK 20-25 million per quarter

Revenue and EBITDA

NOK million



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3) Includes YTD impairment related to AKOFS Offshore MNOK -361

Consolidated balanced sheet

<i>NOK million</i>	30.09 2014	31.12 2013
Deferred tax asset	138	600
Intangible assets	2 868	8 242
Property, plant and equipment	5 911	9 457
Investment property	739	358
Other non-current operating assets	725	162
Investments	951	1 085
Interest-bearing non-current receivables	125	159
Total non-current assets	11 457	20 063
Current tax assets	19	106
Current operating assets	10 890	21 695
Interest-bearing current receivables	256	511
Cash and cash equivalents	331	2 345
Assets classified as held for sale	-	3 437
Total current assets	11 496	28 094
Total assets	22 953	48 157
Equity attributable to equity holders of Akastor ASA	9 364	13 394
Non-controlling interests	-	161
Total equity	9 364	13 555
Deferred tax liabilities	480	2 076
Employee benefits obligations	350	748
Other non-current liabilities	305	356
Non-current borrowings	3 720	7 420
Total non-current liabilities	4 855	10 600
Current tax liabilities	109	38
Other current operating liabilities	8 052	19 115
Current borrowings	573	3 896
Liabilities classified as held for sale	-	953
Total current liabilities	8 734	24 002
Total liabilities and equity	22 953	48 157

Split per company

MHWirth

	3Q 13	4Q 13	1Q 14	2Q 14	3Q 14	YTD 3Q 13	YTD 3Q 14
Operating revenue and other income	2 227	2 528	2 424	3 115	2 432	6 965	7 971
EBITDA	228	268	224	269	207	713	700
EBIT	178	206	149	196	79	558	424
CAPEX	156	262	112	190	207	414	509
NCOA	1 979	1 839	2 244	3 019	2 925	1 979	2 925
Net capital employed	4 013	4 077	4 484	5 432	5 594	4 013	5 594
Order intake	3 379	2 553	1 792	1 919	1 662	6 958	5 373
Order backlog	12 930	13 004	12 361	11 230	10 526	12 930	10 526
Employees	4 093	4 011	4 092	4 164	4 255	4 093	4 255

Frontica Business Solutions

	3Q 13	4Q 13	1Q 14	2Q 14	3Q 14	YTD 3Q 13	YTD 3Q 14
Operating revenue and other income	1 377	1 471	1 473	1 432	1 366	4 209	4 271
EBITDA	76	85	80	85	76	202	241
EBIT	51	62	58	60	51	128	169
CAPEX	40	44	27	19	8	70	54
NCOA	(290)	(249)	(294)	(320)	(225)	(290)	(225)
Net capital employed	119	216	170	136	207	119	207
Order intake	1 400	1 534	1 482	1 422	3 634	4 232	6 538
Order backlog	23	87	96	86	2 356	23	2 356
Employees	1 441	1 454	1 432	1 408	1 391	1 441	1 391

Split per company

AKOFS Offshore

	3Q 13	4Q 13	1Q 14	2Q 14	3Q 14	YTD 3Q 13	YTD 3Q 14
Operating revenue and other income	254	428	394	613	280	478	1 287
EBITDA	41	83	41	(480)	564	(76)	125
EBIT	(34)	2	(39)	(1 557)	500	(642)	(1 096)
CAPEX	50	86	2	7	(58)	525	(49)
NCOA	(254)	(216)	(90)	(180)	(86)	(254)	(86)
Net capital employed	3 763	3 647	3 697	2 345	4 093	3 763	4 093
Order intake	(46)	(22)	262	279	5 457	74	5 998
Order backlog	2 177	1 722	1 594	335	5 495	2 177	5 495
Employees	137	127	132	134	70	137	70

Fjords Processing

	3Q 13	4Q 13	1Q 14	2Q 14	3Q 14	YTD 3Q 13	YTD 3Q 14
Operating revenue and other income	466	575	535	567	530	1 432	1 632
EBITDA	6	4	27	24	(8)	71	43
EBIT	0	(1)	22	18	(16)	53	24
CAPEX	10	22	6	2	18	20	26
NCOA	(3)	(50)	(221)	(114)	(312)	(3)	(312)
Net capital employed	389	409	236	351	208	389	208
Order intake	856	609	245	843	605	1 350	1 693
Order backlog	1 204	1 255	960	1 264	1 319	1 204	1 319
Employees	631	628	613	614	622	631	622

Split per company

KOP Surface Products

	3Q 13	4Q 13	1Q 14	2Q 14	3Q 14	YTD 3Q 13	YTD 3Q 14
Operating revenue and other income	214	248	245	248	291	625	784
EBITDA	29	14	33	40	37	74	110
EBIT	22	7	26	31	28	55	85
CAPEX	7	31	7	7	13	28	27
NCOA	311	288	346	372	356	311	356
Net capital employed	581	567	622	651	647	581	647
Order intake	247	265	302	283	137	725	722
Order backlog	558	570	620	669	536	558	536
Employees	740	760	784	817	816	740	816

Real Estate and other holdings

	3Q 13	4Q 13	1Q 14	2Q 14	3Q 14	YTD 3Q 13	YTD 3Q 14
Operating revenue and other income	130	156	156	288	155	413	599
EBITDA	(26)	(38)	(14)	(64)	(24)	(24)	(102)
EBIT	(52)	(68)	(44)	(102)	(64)	(103)	(210)
CAPEX	24	10	17	85	20	112	122
NCOA	657	464	237	(128)	92	657	92
Net capital employed	3 021	3 072	2 930	2 210	2 200	3 021	2 200
Order intake	81	244	166	128	159	374	453
Order backlog	168	272	281	240	261	168	261
Employees	492	502	449	558	443	492	622



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