

THIRD QUARTER 2016 RESULTS

Kristian Røkke and Leif Borge
Oslo | November 1, 2016



AKASTOR

Agenda



Q3 2016 HIGHLIGHTS

Kristian Røkke
CEO



FINANCIALS

Leif Borge
CFO



Q & A

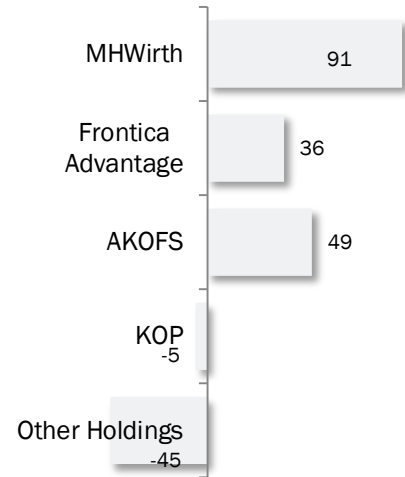
Kristian Røkke and Leif Borge

Highlights

- ✓ High level of transaction activity
 - Managed Pressure Operations sale to AFGlobal
 - Mitsui/AKOFS Offshore joint venture
 - Frontica Business Solutions sale to Cognizant
 - Fjords processing sale to National Oilwell Varco
- ✓ EBITDA of NOK 127 million (continuing operations)
 - Net debt reduced by NOK 658 million to NOK 4.8 billion
 - Working capital reduced by NOK 483 million to NOK 1.5 billion
 - Liquidity reserve of NOK 2.2 billion
- ✓ Reached agreement with Petrobras for AKOFS contracts

EBITDA

NOK 127 million



EBITDA
NOK 127 million

NIBD
NOK 4.8 billion

Order Backlog
NOK 7.7 billion

Portfolio Highlights



- ✓ Several successful deliveries in Q3 positively affecting financial results
- ✓ Satisfactory progress on cost reduction, efforts to be continued
- ✓ Working to develop niche market opportunities



- ✓ Skandi Santos achieved high utilization during Q3
- ✓ Reached final agreement with Petrobras regarding Skandi Santos and Aker Wayfarer contracts
- ✓ AKOFS Seafarer remained idle in Q3 and is being marketed to select opportunities











- ✓ Order backlog remains low, impacting financial results
- ✓ Outlook continues to be challenging

Other

- ✓ Frontica Advantage: challenging contracting market, quick response to customer activity levels
- ✓ Step Oiltools: impacted by low rig utilization globally
- ✓ DOF Deepwater: continued low vessel utilization

Summary of transactions

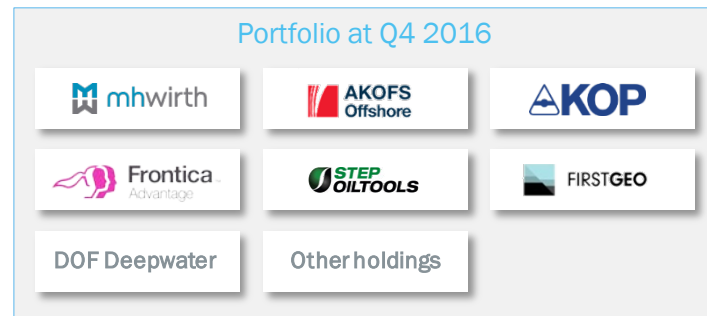
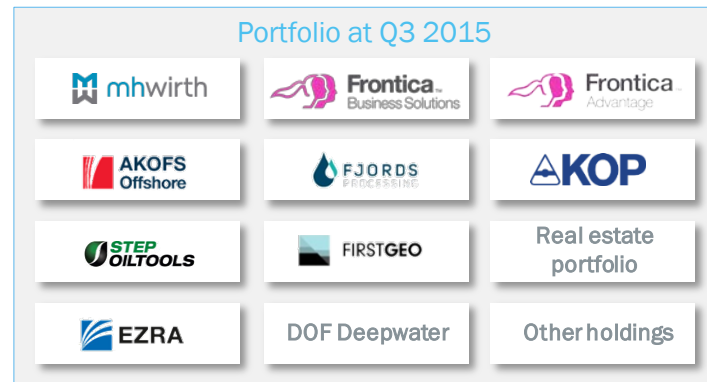
	July 14	September 20	October 3	October 27
	✓ Agreement to sell MPO to AFGlobal	✓ Agreement to enter into JV with Mitsui	✓ Agreement to sell Business Solutions to Cognizant	✓ Agreement to sell Fjords Processing to NOV
Target				
Buyer				
Enterprise value	USD 10-75m	-	NOK 1,025m	NOK 1,200m
Upfront cash release	USD 10m	USD 66m	NOK 900m	NOK 1,150m
Earn-out potential	USD 0 – 65m	-	-	-
Estimated P&L gain	-	USD 20m	NOK 500m	NOK 650m
Expected closing	Q3 16	Q4 16	Q4 16	Q4 16

Summary

1 Strengthened financial position

2 Challenging market conditions continue

3 Open mandate for value creation



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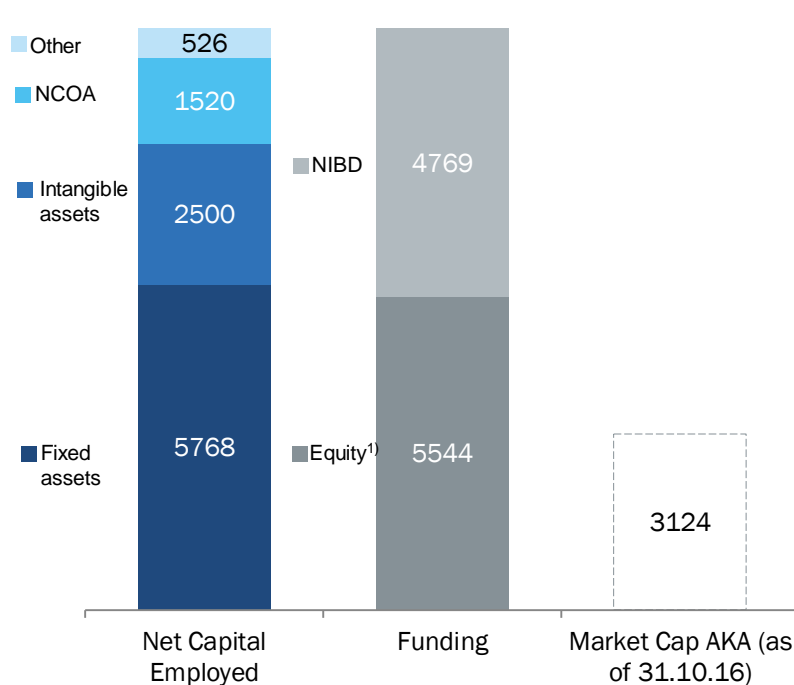
Condensed Consolidated Income Statement

<i>NOK million</i>	Third Quarter		First nine months		Full Year
	2016	2015 (restated)	2016	2015 (restated)	2015 (restated)
Operating revenues and other income	1 537	2 887	5 210	9 443	12 515
Operating expenses	(1 410)	(3 014)	(5 239)	(9 270)	(11 818)
EBITDA	127	(126)	(28)	173	697
Depreciation, amortization and impairment	(199)	(1 334)	(630)	(1 750)	(2 085)
Operating profit (loss)	(72)	(1 461)	(658)	(1 577)	(1 388)
Net financial items	(176)	(197)	(744)	(511)	(677)
Profit (loss) before tax	(248)	(1 658)	(1 402)	(2 088)	(2 064)
Tax income (expense)	69	343	287	391	320
Profit (loss) from continuing operations	(180)	(1 315)	(1 115)	(1 697)	(1 744)
Net profit (loss) from discontinued operations	19	(63)	(244)	(229)	(844)
Profit (loss) for the period	(160)	(1 377)	(1 359)	(1 926)	(2 588)

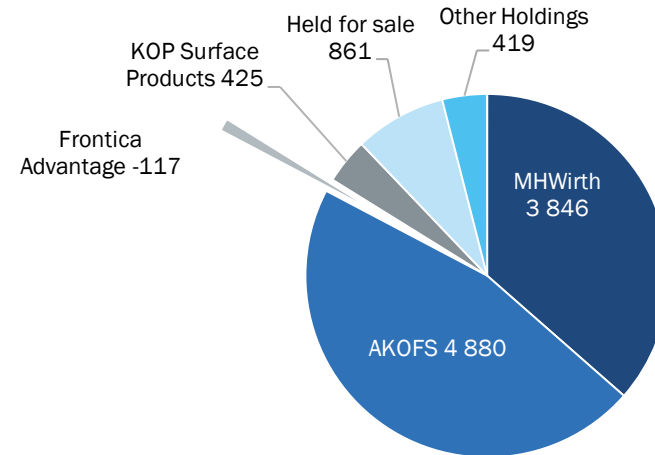
The Akastor Portfolio

NET CAPITAL EMPLOYED OF NOK 10.3 BILLION

NOK million



1) Equity excludes cash flow hedge reserve



NET CAPITAL EMPLOYED REDUCED WITH NOK 1 018 million in Q3.

Capital Structure

- ✓ Net Debt of NOK 4.8 bn as of Q3:
 - Gross Debt of NOK 5.4 bn, of which financial lease NOK 1.6 bn and bank debt NOK 3.6 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 416 million	July 2019	1.65%-4.5%
REVOLVING	NOK 1932 million	July 2019	1.65%-4.5%
REVOLVING	NOK 149 million	June 2017	1.65%-4.5%
BRAZIL FACILITY	BRL 129 million	May 2022	8.5% average cost

INTEREST COVERAGE RATIO

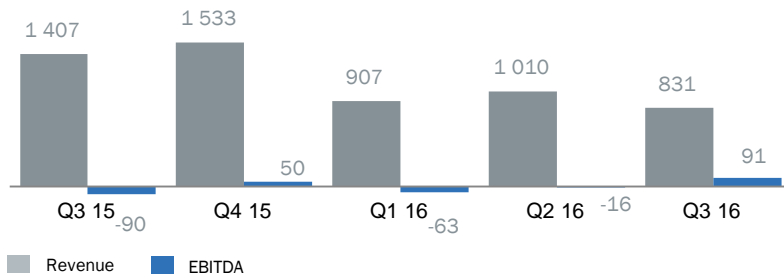
2016		2017	
		Q1	3.0
Q2	0.7	Q2	4.0
Q3	0.7	Q3	4.0
Q4	1.5	Q4	4.0

MHWirth

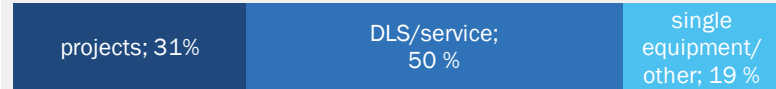
- ✓ Revenues down 41 % in Q3 2016 compared with 2015
- ✓ EBITDA of NOK 91 million in the quarter
- ✓ Order intake of NOK 604 million
- ✓ NCOA down NOK 290 million to NOK 1.4 billion

Revenue and EBITDA

NOK million

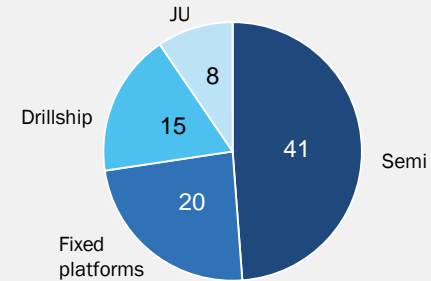


BUSINESS SPLIT YTD BASED ON REVENUE

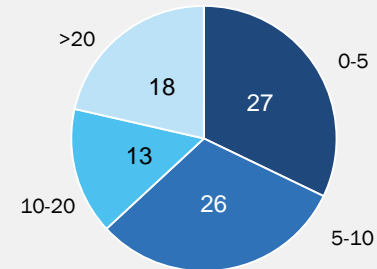


INSTALLED BASE (84 UNITS)

by type

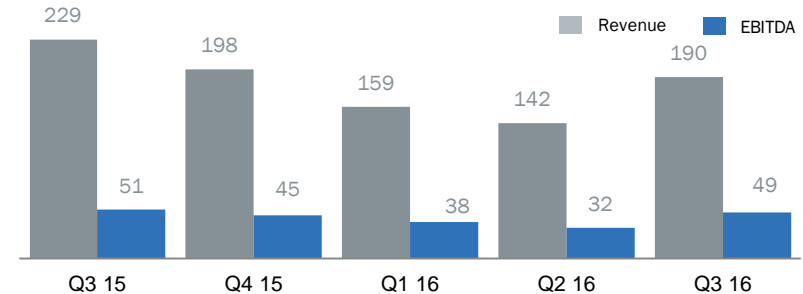


by age (years)

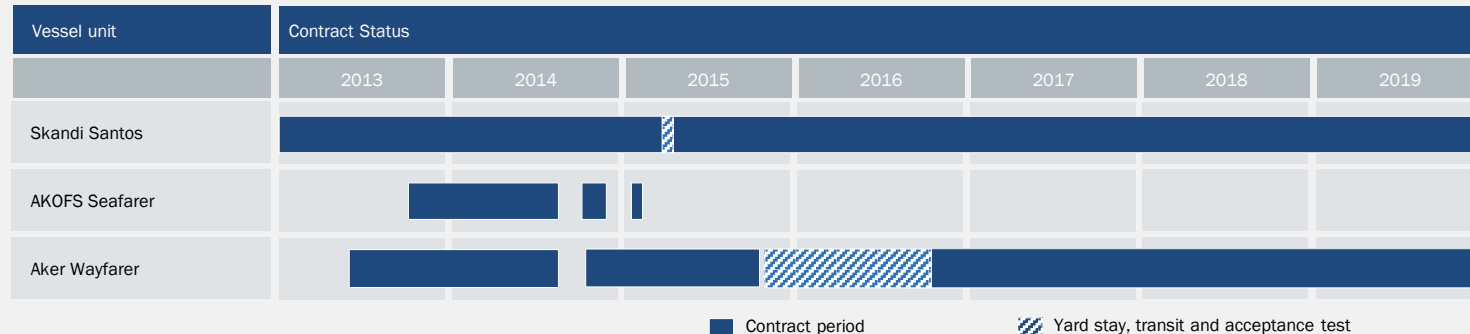


AKOFS Offshore

- ✓ Skandi Santos with high utilization
- ✓ Agreement with Mitsui to create 50/50 JV on the Santos vessel
- ✓ Contract with Petrobras on Aker Wayfarer extended one year with reduced rate the first year
- ✓ AKOFS Seafarer remains cold stacked. Opex below USD 10 000 per day



VESSEL PROGRAM

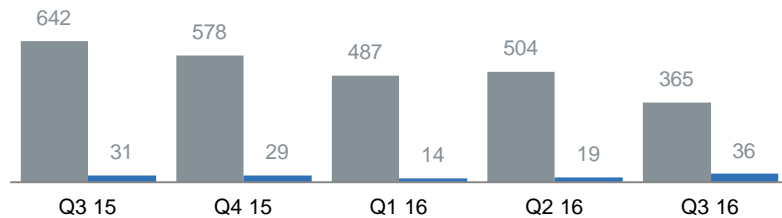


Frontica Advantage

- ✓ Agreement to sell Frontica ITO and BPO to Cognizant
- ✓ Revenue of NOK 365 million in the quarter, down 43% compared with 2015 due to lower activity level of key clients.
- ✓ EBITDA of NOK 36 million including one-off item of NOK 22 million

Revenue and EBITDA

NOK million

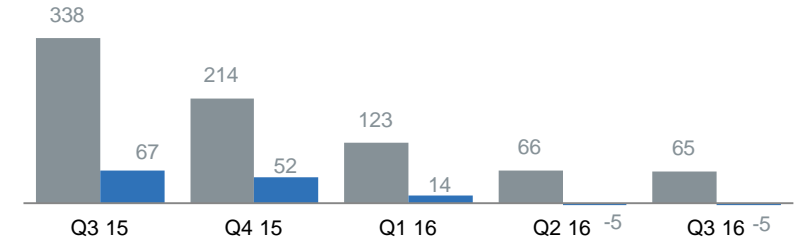


KOP Surface Products

- ✓ Revenues of NOK 65 million in the quarter
- ✓ EBITDA of NOK -5 million
- ✓ Order intake of NOK 48 million in Q3

Revenue and EBITDA

NOK million

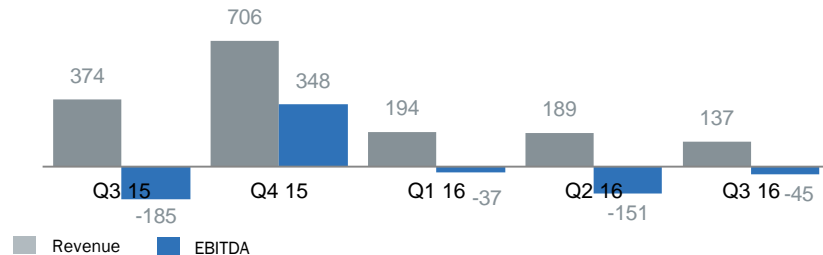


Other Holdings

- ✓ Step Oiltools and First Geo: EBITDA of NOK -9 million
- ✓ Effect from hedges not qualifying for hedge accounting of NOK -8 million

Revenue and EBITDA

NOK million



Numbers have been restated

Agenda



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Additional information

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Condensed Consolidated Statement of Financial Position

<i>NOK million</i>	30.09.2016	30.09.2015	31.12.2015
Deferred tax asset	700	453	468
Intangible assets	1 800	3 249	2 785
Property, plant and equipment	5 768	6 887	6 480
Investment property	-	637	-
Other non-current assets	288	603	478
Other Investments	204	500	437
Non-current interest-bearing receivables	198	86	84
Total non-current assets	8 957	12 416	10 732
Current operating assets	4 853	11 156	9 171
Current interest-bearing receivables	67	54	72
Cash and cash equivalents	333	1 088	563
Assets classified as held for sale	2 182	-	563
Total current assets	7 435	12 297	9 805
Total assets	16 392	24 713	20 538
Equity attributable to equity holders of Akastor ASA	5 476	7 933	7 386
Total equity	5 476	7 933	7 387
Deferred tax liabilities	58	64	51
Employee benefit obligations	354	481	434
Other non-current liabilities	398	408	414
Non-current borrowings	4 910	7 195	1 583
Total non-current liabilities	5 720	8 148	2 483
Current operating liabilities	3 391	8 201	6 613
Short borrowings	458	431	4 054
Liabilities classified as held for sale	1 346	-	-
Total current liabilities	5 195	8 632	10 667
Total liabilities and equity	16 392	24 713	20 538

Key Figures

AKASTOR GROUP (continuing operations)

<i>Amounts in NOK million</i>	Q3 15 <i>(restated)</i>	Q4 15 <i>(restated)</i>	Q1 16	Q2 16	Q3 16	YTD 15 <i>(restated)</i>	YTD 16
Operating revenue and other income	2 887	3 072	1 804	1 870	1 537	9 443	5 210
EBITDA	(126)	524	(34)	(121)	127	173	(28)
EBIT	(1 461)	189	(250)	(336)	(72)	(1 577)	(658)
CAPEX and R&D capitalization	87	111	65	43	37	1 436	145
NCOA	3 129	2 322	1 956	2 003	1 520	3 129	1 520
Net capital employed	12 726	10 867	10 369	10 289	9 452	12 726	9 452
Order intake	1 720	2 085	1 616	1 518	1 141	5 814	4 275
Order backlog	14 538	12 702	12 310	8 457	7 703	14 538	7 703
Employees	4 490	4 150	3 608	3 108	2 947	4 490	2 947

Split per Company

MHWIRTH (continuing operations)

Amounts in NOK million	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	YTD 15	YTD 16
Operating revenue and other income	1 407	1 533	907	1 010	831	4 994	2 748
EBITDA	(90)	50	(63)	(16)	91	(32)	12
EBIT	(214)	(66)	(163)	(119)	23	(284)	(259)
CAPEX and R&D capitalization	63	50	11	14	3	310	28
NCOA	2 836	2 133	1 811	1 683	1 393	2 836	1 393
Net capital employed	5 212	4 285	3 909	4 032	3 846	5 212	3 846
Order intake	671	1 139	631	912	604	2 336	2 146
Order backlog	6 313	5 654	5 363	1 668	1 490	6 313	1 490
Employees	3 171	2 894	2 477	2 059	1 849	3 171	1 849

FRONTICA Advantage

Amounts in NOK million	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	YTD 15	YTD 16
Operating revenue and other income	642	578	487	504	365	2 284	1 356
EBITDA	31	29	14	19	36	101	69
EBIT	31	29	14	19	36	101	69
CAPEX and R&D capitalization	-	-	-	-	-	-	-
NCOA	(131)	(100)	(75)	(112)	(180)	(131)	(180)
Net capital employed	103	149	158	82	(117)	103	(117)
Order intake	645	567	720	407	352	2 267	1 478
Order backlog	11	(1)	231	133	119	11	119
Employees	99	81	104	99	88	99	88

Split per Company

AKOFS OFFSHORE

<i>Amounts in NOK million</i>	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	YTD 15	YTD 16
Operating revenue and other income	229	198	159	142	190	583	491
EBITDA	51	45	38	32	49	58	119
EBIT	(1 082)	(41)	(41)	(45)	(45)	(1 248)	(131)
CAPEX and R&D capitalization	13	17	48	25	28	1 040	102
NCOA	45	69	103	256	150	45	150
Net capital employed	5 171	5 183	5 142	5 264	4 880	5 171	4 880
Order intake	107	12	23	7	48	293	78
Order backlog	6 395	6 430	6 145	6 160	5 719	6 395	5 719
Employees	102	91	93	93	167	102	167

KOP SURFACE PRODUCTS

<i>Amounts in NOK million</i>	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	YTD 15	YTD 16
Operating revenue and other income	338	214	123	66	65	917	254
EBITDA	67	52	14	(5)	(5)	190	5
EBIT	53	28	(1)	(19)	(18)	149	(38)
CAPEX and R&D capitalization	8	16	3	2	5	15	10
NCOA	442	240	187	163	148	442	148
Net capital employed	744	555	490	461	425	744	425
Order intake	108	91	115	71	48	462	234
Order backlog	264	149	138	144	120	264	120
Employees	693	682	549	502	494	693	494

Split per Company

OTHER HOLDINGS *(restated)*

<i>Amounts in NOK million</i>	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	YTD 15	YTD 16
Operating revenue and other income	374	706	194	189	137	1 063	519
EBITDA	(185)	348	(37)	(151)	(45)	(145)	(233)
EBIT	(248)	239	(59)	(172)	(68)	(296)	(299)
CAPEX and R&D capitalization	4	29	3	2	-	70	5
NCOA	(64)	(20)	(68)	12	10	(64)	10
Net capital employed	1 496	694	670	451	419	1 496	419
Order intake	267	448	204	149	139	822	492
Order backlog	1 610	460	426	325	243	1 610	243
Employees	425	402	385	355	349	425	349

Fjords Processing divestment



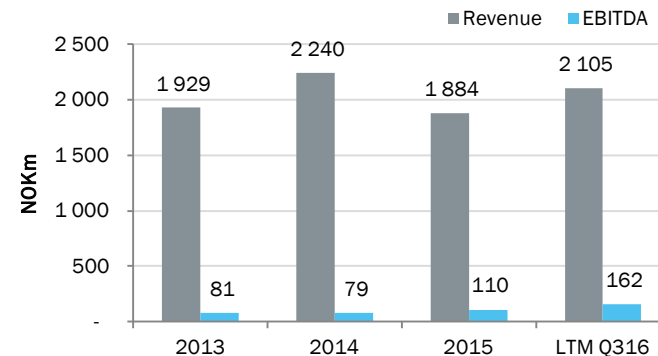
Business overview

- ✓ Fjords Processing provides world-class processing technology, systems and services to the upstream oil and gas industry
- ✓ One of the few companies in the industry that can offer complete processing systems for both onshore and offshore installations
- ✓ Fjords Processing is headquartered at Fornebu, Norway and the company has about 500 employees represented in 15 countries



Transaction overview

- ✓ Acquired by National Oilwell Varco ("NOV") for NOK 1,200 million on a cash and debt-free basis
- ✓ Fjords fits well with NOV's stated topside strategy and bilateral discussions have been held since this summer
- ✓ Transaction is pending clearance from Norwegian Competition authorities and is expected to close in the fourth quarter



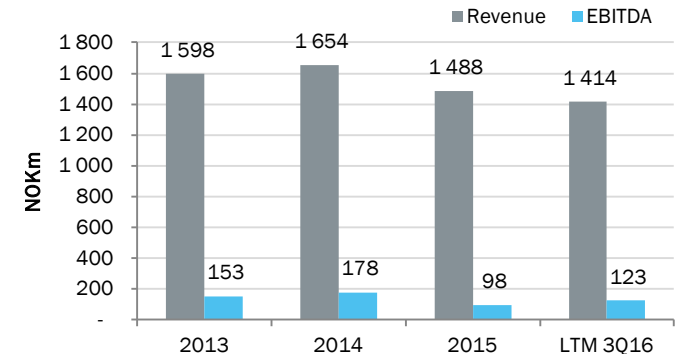
Frontica Business Solutions divestment

Business overview

- ✓ Frontica Business Solutions provides consulting, technology and other outsourcing services in more than 20 countries around the world
- ✓ Established more than a decade ago, Frontica has evolved from being Aker Solutions' in-house shared services supplier to becoming an external provider of corporate services

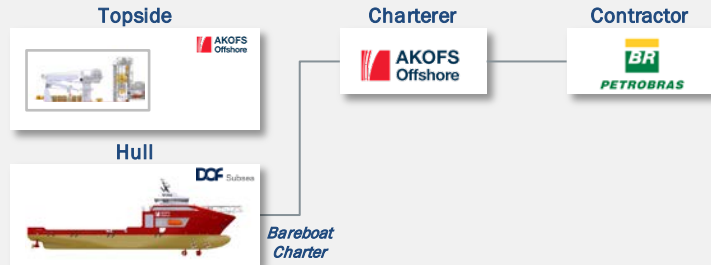
Transaction overview

- ✓ Acquired by Cognizant for NOK 1,025 million on a cash and debt-free basis
- ✓ The transaction includes the ITO and BPO business segments of the Frontica Group, comprising around 500 employees (Frontica Advantage not part of transaction)
- ✓ The acquisition of Frontica will strengthen Cognizant's oil and gas industry expertise and expand their presence in the Nordics
- ✓ Transaction is pending clearance from Norwegian Competition authorities and is expected to close in the fourth quarter



Creation of Mitsui/AKOFS joint-venture

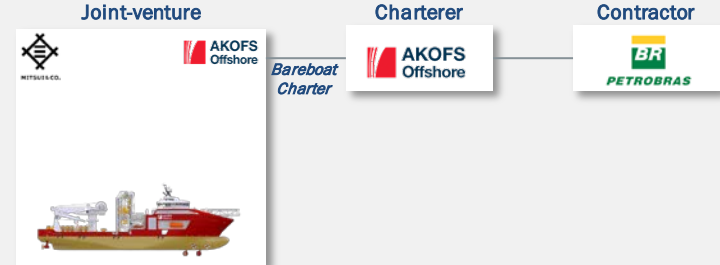
Previous structure



Transaction steps

- Form joint venture between Mitsui and AKOFS
- Sale of Skandi Santos topside to joint venture
- Purchase of Skandi Santos hull from DOF
- Bareboat charter between Joint Venture and AKOFS
- Contract btw. AKOFS & Petrobras remains unchanged

New structure



Rationale

- 1 Long-term partnership with growth opportunities
- 2 Optimizes Skandi Santos ownership structure
- 3 Net cash release of USD 66 million to Akastor

Joint venture represents long-term partnership with growth opportunities

AKASTOR



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