



Fourth-Quarter and Preliminary Results 2014

Frank O. Reite and Leif Borge
Oslo | 10 February 2015



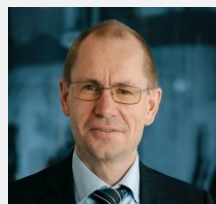
AKASTOR

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

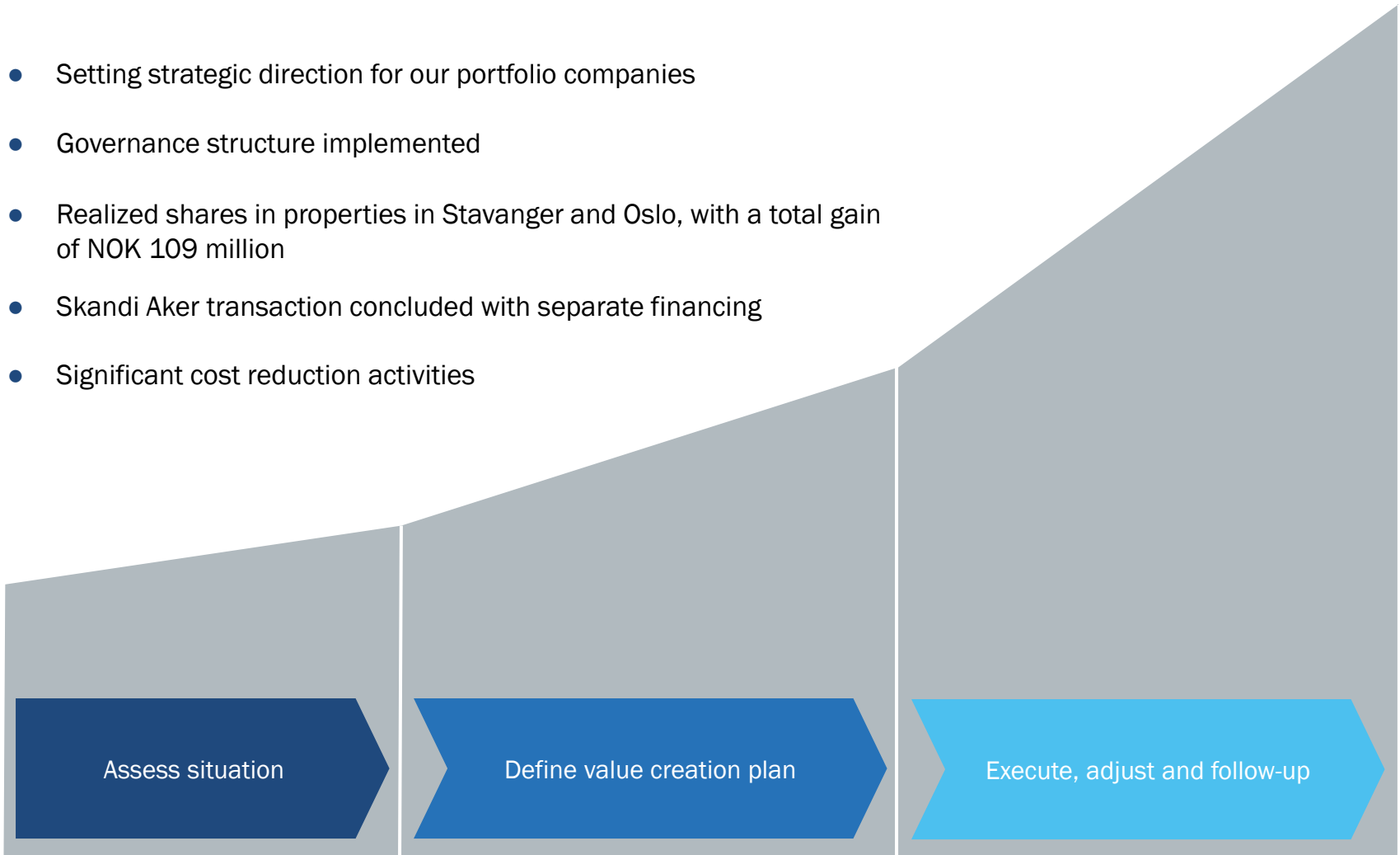
Portfolio companies with multiple levers for growth and improvements

Our approach

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

4Q 2014 | Key takeaways

- Setting strategic direction for our portfolio companies
- Governance structure implemented
- Realized shares in properties in Stavanger and Oslo, with a total gain of NOK 109 million
- Skandi Aker transaction concluded with separate financing
- Significant cost reduction activities



4Q 2014 | Financial highlights



- Top line revenue growth of 5%
- Recurring EBITDA of NOK 439 million, with a margin of 8%
- Order backlog of NOK 21.6 billion
- Net profit impacted by special items of NOK -552 million
- Strong financial position;
 - Net interest bearing debt of NOK 3.6billion
 - Equity of NOK 9.4 billion
- The Akastor share: stable liquidity, performance in line with PHLX Oil Services Index

The Akastor portfolio – Fourth quarter highlights



Real estate
and other holdings

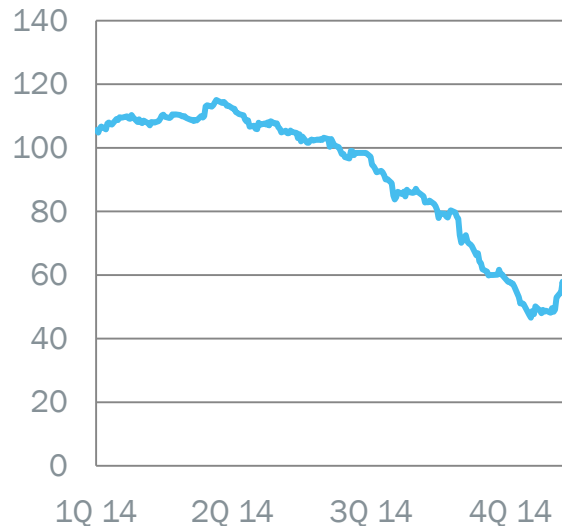
The Akastor portfolio – Fourth quarter highlights



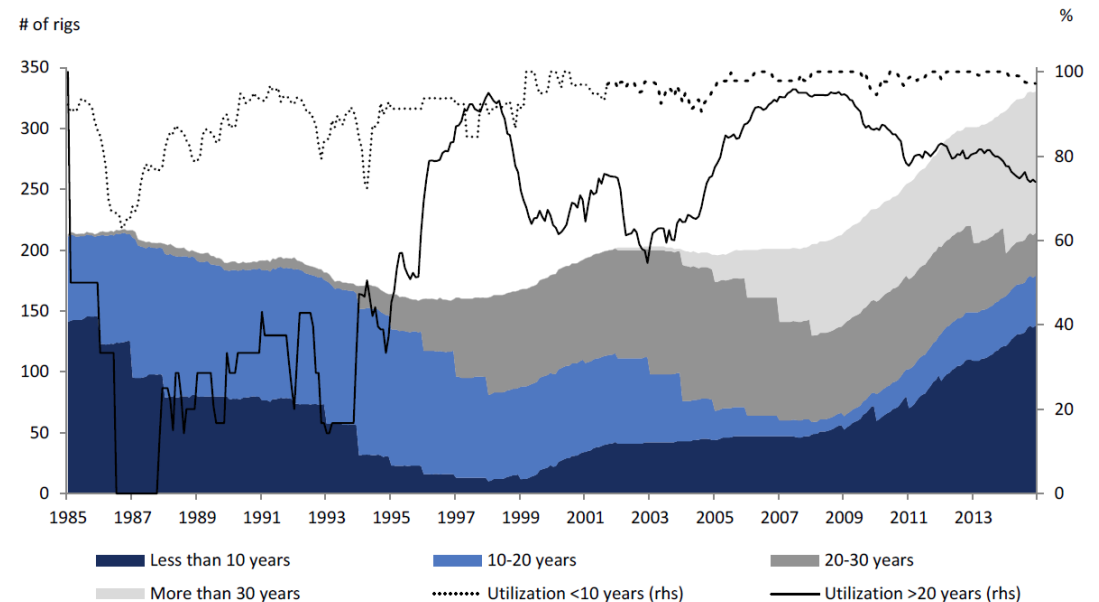
Real estate
and other holdings

MHWirth - Challenging market

Brent, USD



Floater fleet overview and utilization



- Steep drop in oil prices over last two quarters
- Future still highly uncertain

- 2014 - a challenging year in the floater market
- Low utilization levels triggering significant oversupply
- Expect, cold/warm stacking and scrapping, but uncertain when
- Close to all-time high floater construction activity

Source: Factset; Pareto Rig Credit Report 3 February, 2015

MHWirth - focus on operations

Near term

- Cost base and capital discipline
 - Initiated capacity reduction process aiming to reduce 500-750 personnel, including hired-ins
 - Estimated NOK 500-600 million annual cost reduction
 - Cost negotiations with subcontractors
 - Evaluating consolidation of operational sites and offices

Longer term

- Protect DLS business
- Standardization and streamlining
- Strengthening customer relations
- Organizational effectiveness



The Akastor portfolio – Fourth quarter highlights



Real estate
and other holdings

AKOFS Offshore: A mixed year, but on the right track

- **Subsea installation showed strong performance**
 - Skandi Santos secured 5yr contract (98% utilization in 2014)
 - Aker Wayfarer secured 5+5yr contract (89% utilization in 2014)
 - Focus on operational excellence and re-building of Aker Wayfarer
- **AKOFS Seafarer*: top priority to secure work**
 - One month in operations during Q4, currently in the spot market
 - Purchase of hull completed in February for MUSD 122.5, all financed with new bank debt
 - Significantly reduced OPEX level
 - All opportunities to secure work being pursued

*Skandi Aker renamed *AKOFS Seafarer*



The Akastor portfolio – Fourth quarter highlights



- Steady revenues and solid operations in the quarter
- Focus on maintaining flexible cost base in order to secure margins going forward



- Strong revenue generation in 4Q
- Q4 margins affected by further cost increase on one specific project



- Strong financial performance; growth and margin expansion
- Both hardware and services revenues developed positively

Real estate
and other holdings

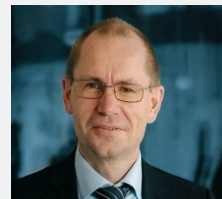
- Step Oiltools: Weak financial performance; too low utilization of asset fleet
- Realized shares in properties in Stavanger and Oslo, with a gain of NOK 109 mill

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Consolidated income statement

<i>NOK million</i>		Restated		Restated
	4Q 14	4Q 13	2014	2013
Operating revenues and other income	5 326	5 078	21 432	18 448
Operating expenses	(5 063)	(4 667)	(20 052)	(17 093)
EBITDA	262	411	1 380	1 355
Depreciation, amortization and impairment	(365)	(208)	(2 086)	(1 119)
Operating profit (loss)	(102)	203	(706)	235
Financial income	73	12	119	47
Financial expenses	(190)	(159)	(568)	(583)
Profit (loss) from equity-accounted investees	(134)	7	(126)	(25)
Profit (loss) on foreign currency forward contracts	(145)	53	(372)	84
Profit (loss) before tax	(498)	116	(1 653)	(242)
Income tax (expense) benefit	23	(57)	266	4
Profit (loss) for the period continuing operations	(475)	59	(1 387)	(238)
Net profit from discontinued operations	(27)	349	3 880	1 362
Profit (loss) for the period	(502)	408	2 493	1 124

Financials - special items

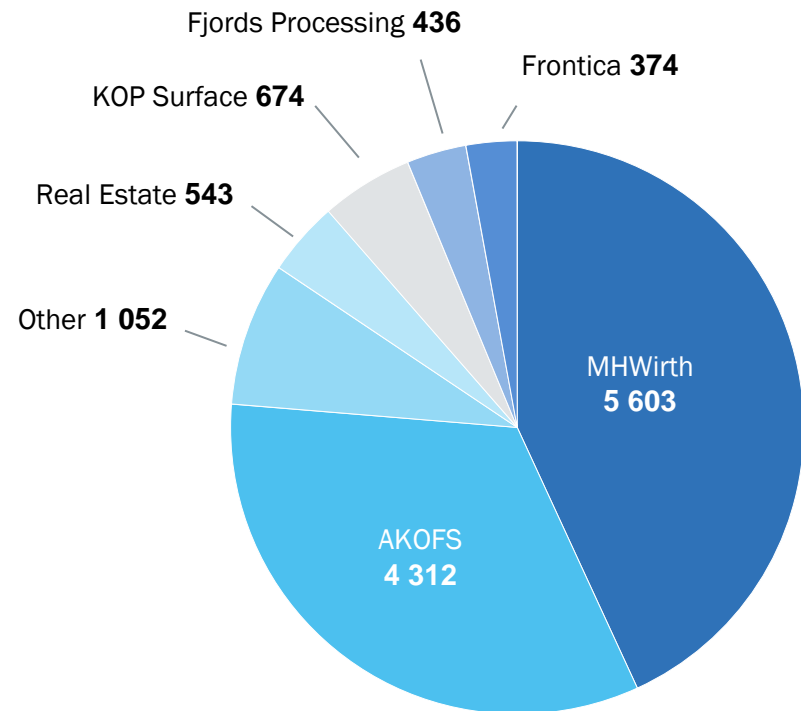
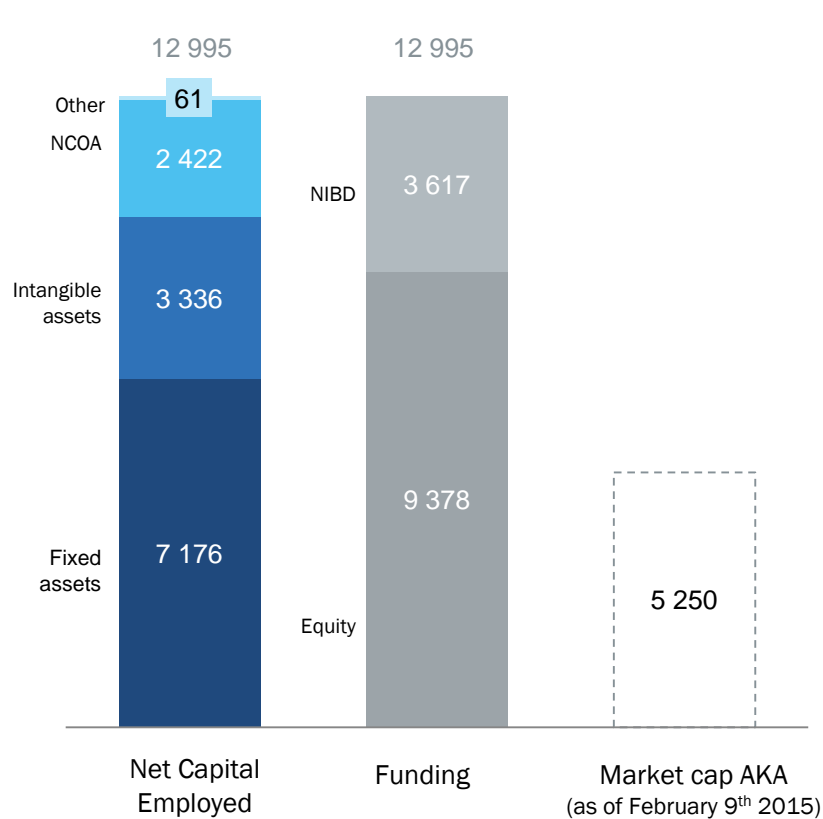
NOK million

	4Q normal business	Demerger expenses	Onerous leases	MMO outplacement	Real estate gains	Impairments	FX effects	Tax effect functional currency AKOFS	Sum one-offs	4Q including all one-offs
EBITDA	439	(11)	(101)	(136)	71				(177)	262
Depreciation & amortization	(270)									(270)
Impairment						(95)			(95)	(95)
EBIT	169	(11)	(101)	(136)	71	(95)			(272)	(102)
Financial items	(81)				38	(262)	(90)		(314)	(396)
EBT	88	(11)	(101)	(136)	109	(357)	(90)		(586)	(498)
Tax expense	(11)	3	25	37		26	31	(87)	34	23
Net profit	77	(8)	(76)	(99)	109	(331)	(59)	(87)	(552)	(475)

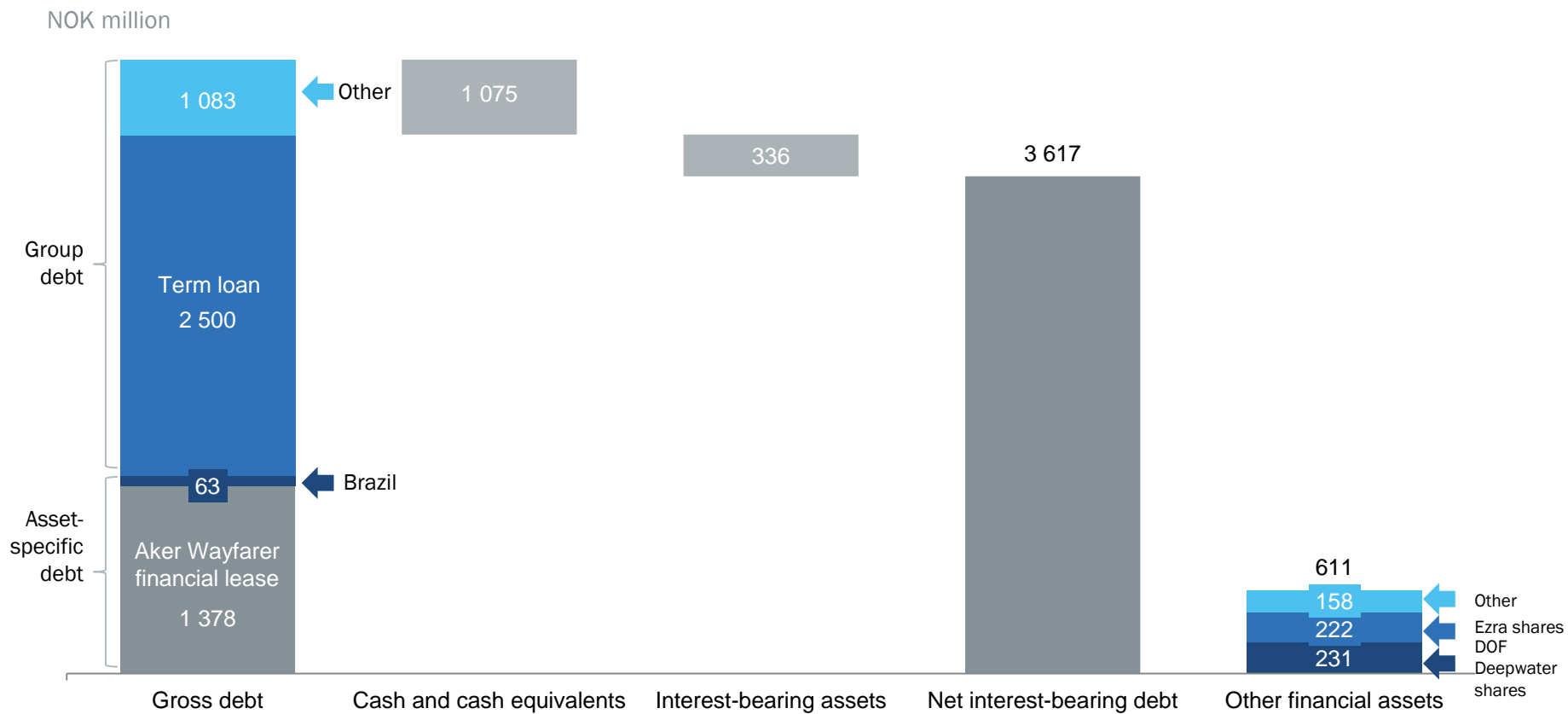
The Akastor portfolio

Net capital employed of NOK 13 billion per 31 Dec 2014

NOK million



Interest Bearing Items

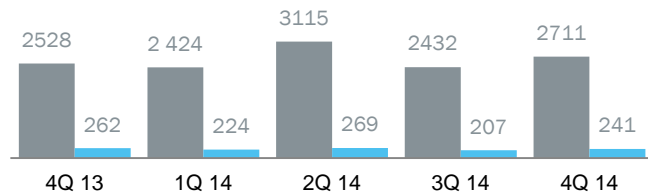


MHWirth – challenging drilling market

- Revenues rose 7.2 percent in 4Q 2014 compared with 4Q 2013
- EBITDA margin decreased to 8.9 percent in the quarter from 10.4 percent last year
- Revenue from single equipment and life-cycle services continued to grow in the quarter
- Reduction of approximately 500-750 staff through downsizing and attrition
- Order intake of NOK 1.7 bn mainly from life-cycle services and single equipment

Revenue and EBITDA

NOK million



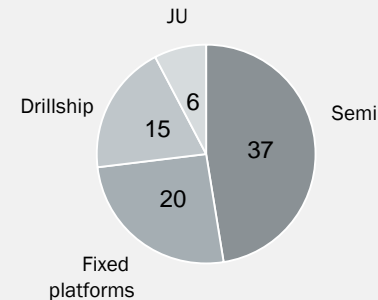
■ Revenue ■ EBITDA

BUSINESS SPLIT 2014 BASED ON REVENUE

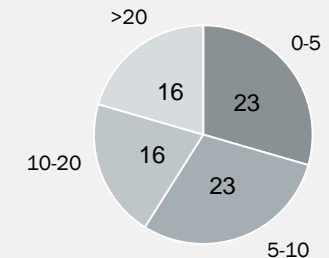


INSTALLED BASE (78 UNITS)

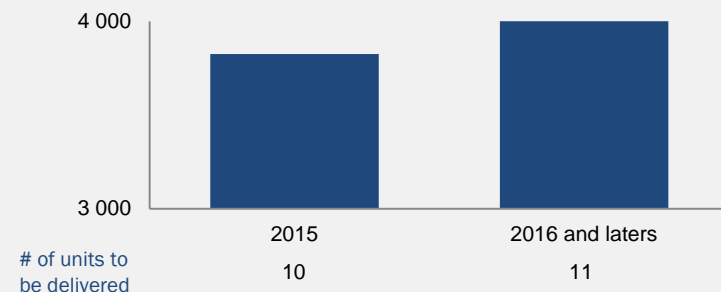
by type



by age



PROJECTS BACKLOG

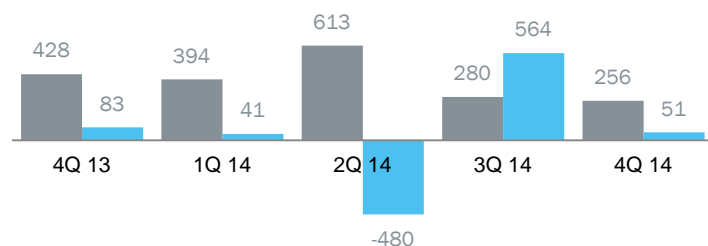


AKOFS Offshore

- Two vessels with stable, high performance, and one vessel with limited activity in the quarter.
- Revenues of NOK 256 million
- The EBITDA result of NOK 51 million in the quarter was positively impacted by settlements and completion of contracts in prior periods.
- Purchase of AKOFS Seafarer was executed in February 2015. Vessel has been re-named AKOFS Seafarer.

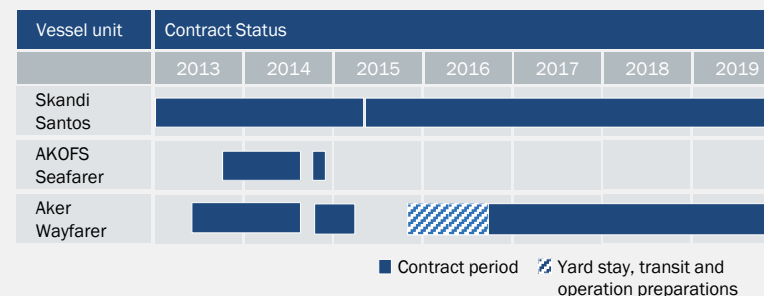
Revenue and EBITDA

NOK million

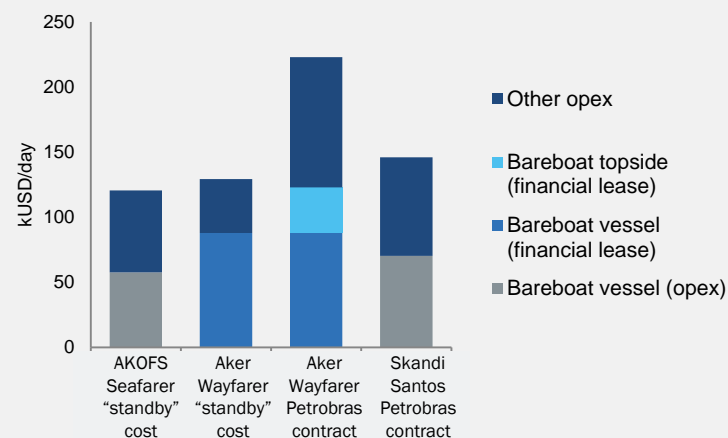


■ Revenue ■ EBITDA

VESSEL PROGRAM



INDICATIVE OPEX LEVELS

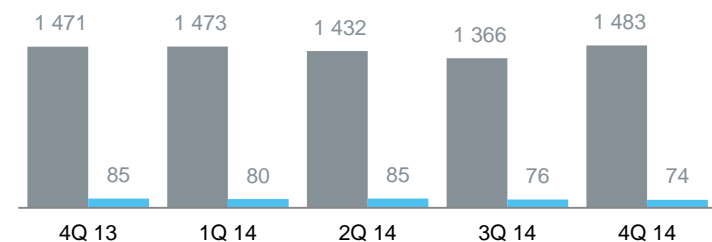


Frontica Business Solutions

- Revenue of NOK 1.5 billion in the quarter, on the same level as a year earlier
- EBITDA margin of 5.0 percent, down from 5.8 last year
- The backlog of NOK 2.6 billion represents the estimated value of the fixed contracts and frame agreements.

Revenue and EBITDA

NOK million



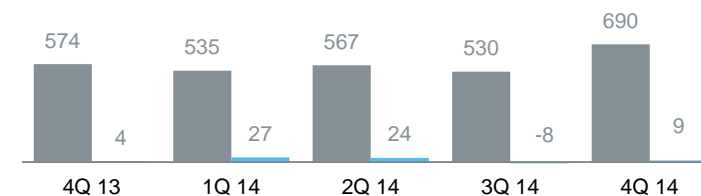
■ Revenue ■ EBITDA

Fjords Processing

- Revenues rose 16 percent year on year
- EBITDA of NOK 9 million impacted by further cost increase on one specific project
- Order intake of NOK 505 million in 4Q. No impact of weaker market, but expecting long term slow-down

Revenue and EBITDA

NOK million

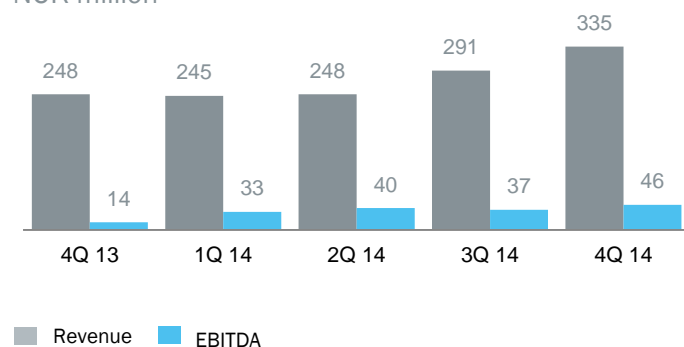


KOP Surface Products

- Revenue rose 19 percent from year on year in USD terms, driven by demand for surface wellheads and trees in Asia
- EBITDA of NOK 46 million gave a margin of 13.7 percent in the quarter
- KOP Surface Products is predominantly a USD business; foreign exchange development contributed positively to the growth in NOK
- Order intake of NOK 330 million in 4Q. No impact of weaker market, but expecting long term slow-down.

Revenue and EBITDA

NOK million

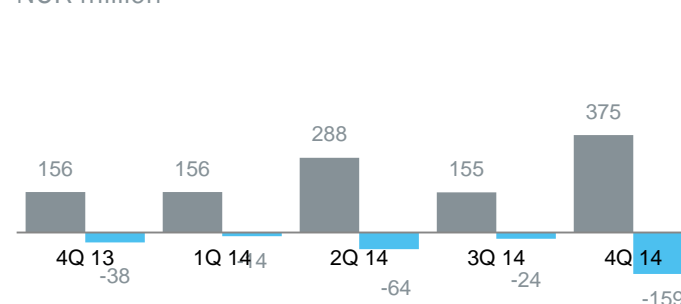


Real Estate and other holdings

- Real Estate and Other Holdings delivered an EBITDA in the quarter of NOK -159 million
- Step Oiltools and First Geo: EBITDA of NOK 7million,
- Provision for onerous leases in office buildings of NOK 101 million
- The 25% shares in an office building in Stavanger, and 8% of the shares in an office building in Oslo was sold for NOK 121 million, giving a positive EBITDA effect of NOK 71 million
- Loss provision of NOK 136 million was made for the MMO outplacement agreement. Order intake for real estate was high in the quarter, as a result of taking in lease contracts in the backlog.

Revenue and EBITDA

NOK million

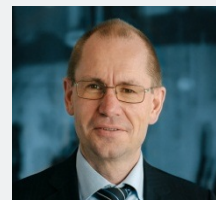


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Additional information

Financials - special items

NOK million

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EBITDA	439	(11)	(101)	(136)	71							(177)	262
Depreciation & amortization	(270)												(270)
Impairment						(65)	(30)					(95)	(95)
EBIT	169	(11)	(101)	(136)	71	(65)	(30)					(272)	(102)
Financial items	(81)				38			(173)	(89)	(90)		(314)	(396)
EBT	88	(11)	(101)	(136)	109	(65)	(30)	(173)	(89)	(90)		(586)	(498)
Tax expense	(11)	3	25	37		18	8			31	(87)	34	23
Net profit	77	(8)	(76)	(99)	109	(47)	(22)	(173)	(89)	(59)	(87)	(552)	(475)

Consolidated balanced sheet

<i>NOK million</i>	31.12 2014	Restated 31.12 2013	Restated 31.12 2012
Deferred tax asset	214	600	570
Intangible assets	3 122	8 242	6 884
Property, plant and equipment	6 469	9 457	10 041
Investment property	707	358	-
Other non-current operating assets	691	162	168
Investments	611	1 085	852
Interest-bearing non-current receivables	131	159	672
Total non-current assets	11 945	20 063	19 187
Current tax assets	43	106	68
Current operating assets	11 162	21 549	19 274
Interest-bearing current receivables	205	511	421
Cash and cash equivalents	1 075	2 345	1 214
Assets classified as held for sale	-	3 367	-
Total current assets	12 485	27 878	20 977
Total assets	24 430	47 941	40 164
Equity attributable to equity holders of Akastor ASA	9 378	13 214	11 786
Non-controlling interests	-	161	157
Total equity	9 378	13 375	11 943
Deferred tax liabilities	483	2 057	1 814
Employee benefits obligations	473	748	805
Other non-current liabilities	285	356	415
Non-current borrowings	4 720	7 420	6 683
Total non-current liabilities	5 961	10 581	9 717
Current tax liabilities	97	38	37
Other current operating liabilities	8 686	19 115	17 459
Current borrowings	308	3 896	1 008
Liabilities classified as held for sale	-	936	-
Total current liabilities	9 091	23 985	18 504
Total liabilities and equity	24 430	47 941	40 164

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Split per company

MHWirth

	4Q 13	1Q 14	2Q 14	3Q 14	4Q 14	2013	2014
Operating revenue and other income	2 528	2 424	3 115	2 432	2 711	9 493	10 681
EBITDA	262	224	269	207	241	959	941
EBIT	201	149	196	79	102	742	526
CAPEX	262	112	191	206	253	676	762
NCOA	1 767	2 171	2 946	2 852	2 573	1 767	2 573
Net capital employed	4 024	4 431	5 379	5 541	5 603	4 024	5 603
Order intake	2 553	1 792	1 919	1 662	1 569	9 511	6 941
Order backlog	13 004	12 361	11 230	10 526	9 566	13 004	9 566
Employees	4 011	4 092	4 164	4 255	4 237	4 011	4 237

Frontica Business Solutions

	4Q 13	1Q 14	2Q 14	3Q 14	4Q 14	2013	2014
Operating revenue and other income	1 471	1 473	1 432	1 366	1 483	5 680	5 753
EBITDA	85	80	85	76	74	287	315
EBIT	62	58	60	51	49	190	218
CAPEX	44	27	20	8	56	114	110
NCOA	(249)	(294)	(320)	(225)	(237)	(249)	(237)
Net capital employed	216	170	136	207	374	216	374
Order intake	1 534	1 482	1 422	3 634	1 658	5 766	8 196
Order backlog	87	96	86	2 356	2 620	87	2 620
Employees	1 454	1 432	1 408	1 391	1 356	1 454	1 356

Split per company

AKOFS Offshore

	4Q 13	1Q 14	2Q 14	3Q 14	4Q 14	2013	2014
Operating revenue and other income	428	394	613	280	256	906	1 542
EBITDA	83	41	(480)	564	51	7	175
EBIT	2	(39)	(1 557)	500	(21)	(640)	(1 117)
CAPEX	86	2	7	(58)	3	611	(46)
NCOA	(216)	(90)	(180)	(86)	(73)	(216)	(73)
Net capital employed	3 647	3 697	2 345	4 092	4 312	3 647	4 312
Order intake	(22)	262	279	5 457	142	52	6 140
Order backlog	1 722	1 594	335	5 495	6 186	1 722	6 186
Employees	127	132	134	124	115	127	115

Fjords Processing

	4Q 13	1Q 14	2Q 14	3Q 14	4Q 14	2013	2014
Operating revenue and other income	574	535	567	530	690	2 007	2 322
EBITDA	4	27	24	(8)	9	75	52
EBIT	(1)	22	18	(16)	1	52	25
CAPEX	22	6	2	18	35	42	62
NCOA	(50)	(221)	(114)	(312)	(157)	(50)	(157)
Net capital employed	409	236	351	208	436	409	436
Order intake	609	245	843	605	505	1 959	2 197
Order backlog	1 255	960	1 264	1 319	1 190	1 255	1 190
Employees	628	613	614	622	617	628	617

Split per company

KOP Surface Products

	4Q 13	1Q 14	2Q 14	3Q 14	4Q 14	2013	2014
Operating revenue and other income	248	245	248	291	335	873	1 119
EBITDA	14	33	40	37	46	88	156
EBIT	7	26	31	28	24	62	109
CAPEX	31	7	8	12	5	59	32
NCOA	288	346	372	356	375	288	375
Net capital employed	567	622	651	649	674	567	674
Order intake	265	302	283	137	330	990	1 052
Order backlog	570	620	669	536	659	570	659
Employees	760	784	817	816	854	760	854

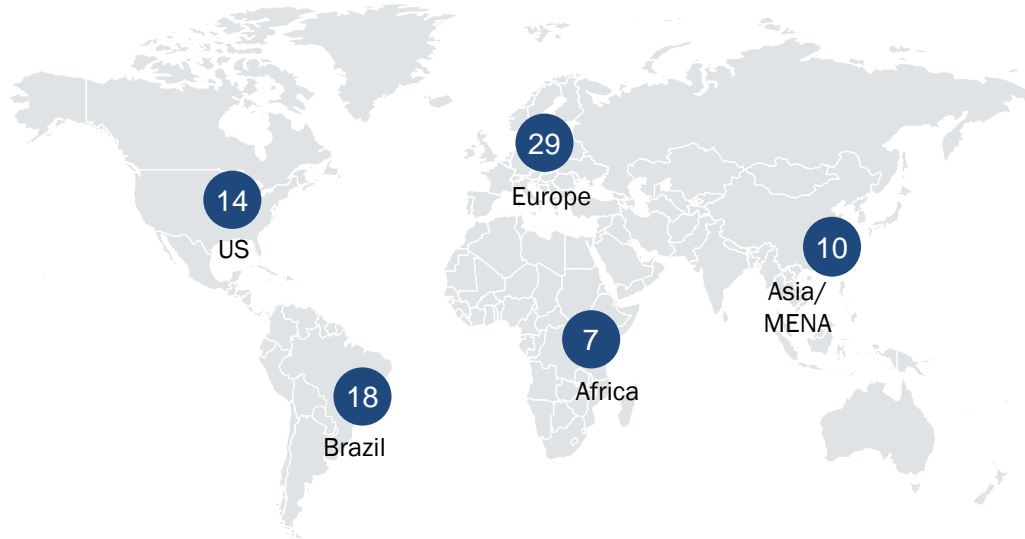
Real Estate and other holdings

	4Q 13	1Q 14	2Q 14	3Q 14	4Q 14	2013	2014
Operating revenue and other income	156	156	288	155	375	569	975
EBITDA	(38)	(14)	(64)	(24)	(159)	(62)	(260)
EBIT	(68)	(44)	(102)	(64)	(258)	(171)	(469)
CAPEX	10	17	84	20	7	122	128
NCOA	464	238	(127)	93	(58)	464	(58)
Net capital employed	3 073	2 930	2 211	2 200	1 595	3 073	1 595
Order intake	244	166	128	150	1 653	618	2 097
Order backlog	272	281	240	261	1 658	272	1 658
Employees	502	528	558	443	430	502	430

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

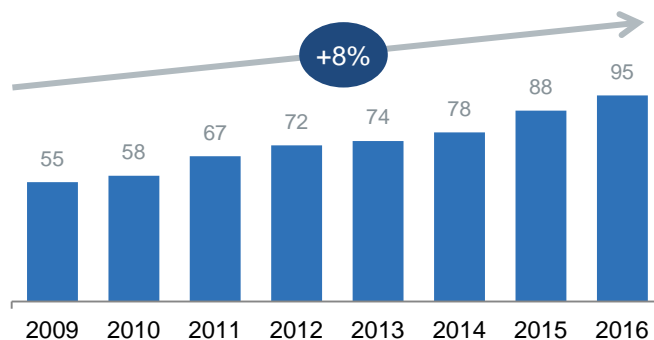
Current installed base by region per end 2014

78 in total



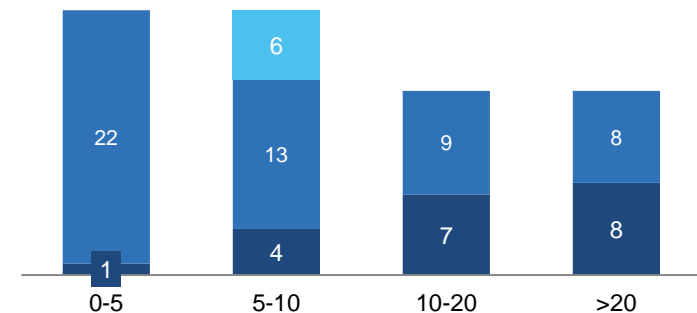
Installed base development

Number of drilling packages



Installed base by age and type

■ Fixed ■ Floater ■ Jackup



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