

# FOURTH QUARTER AND PRELIMINARY ANNUAL RESULTS 2016

Kristian Røkke and Leif Borge  
Oslo | February 16, 2017



# Agenda



## HIGHLIGHTS

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CEO



## FINANCIALS

Leif Borge  
CFO



## Q & A

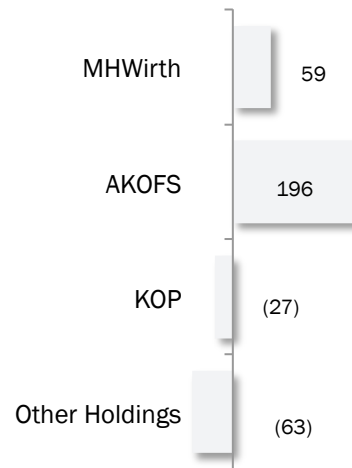
Kristian Røkke and Leif Borge

# Highlights

- ✓ Transactions releasing approx. NOK 2.6 billion in cash
  - Creation of Mitsui/AKOFS joint venture; cash release of USD 66 million
  - Sale of Frontica Business Solutions to Cognizant for NOK 1 025 million
  - Sale of Fjords Processing to National Oilwell Varco (NOV) for NOK 1 200 million
  - Frontica Advantage joined NES Global Talent in January 2017
- ✓ Financial position strengthened
  - Net debt reduced by NOK 2.5 billion to NOK 2.6 billion
  - Working capital reduced by NOK 628 million to NOK 1.1 billion
- ✓ EBITDA for continuing operations of NOK 166 million

## EBITDA

NOK 166 million



**EBITDA**  
NOK 166 million

**Net debt**  
NOK 2.6 billion

**Order Backlog**  
NOK 7.8 billion

# Portfolio Highlights



- ✓ EBITDA margin before restructuring charges of 11%. Positive results from completed projects.
- ✓ DLS activity stable in Q4, but global floater utilization rate still declining.
- ✓ Still strong focus on adjusting cost base to new activity level, decision to close one manufacturing plant.



- ✓ Realized a cash gain of USD 66 million as a result of the JV for Skandi Santos
- ✓ Skandi Santos operated at high utilization during the fourth quarter, while Seafarer remained idle
- ✓ Agreement with Petrobras for Wayfarer to extend contract. Starts operations in Q4 2017



- ✓ Still challenging market conditions
- ✓ EBITDA in fourth quarter negatively impacted by write-offs of working capital items.

Other

- ✓ Step Oiltools and First Geo delivered a total EBITDA of NOK -13 million in the quarter.
- ✓ Level of corporate costs in the quarter is explained by high M&A activities



# Condensed Consolidated Income Statement

<i>NOK million</i>	Fourth Quarter		Full Year	
	2016	2015	2016	2015
Operating revenues and other income	1 370	2 544	5 310	9 983
Operating expenses	(1 203)	(2 050)	(5 241)	(9 416)
<b>Operating profit before depreciation, amortization and impairment (EBITDA)</b>	<b>166</b>	<b>495</b>	<b>69</b>	<b>567</b>
Depreciation and amortization	(182)	(208)	(746)	(829)
Impairment	(407)	(126)	(473)	(1 256)
<b>Operating profit (loss)</b>	<b>(424)</b>	<b>160</b>	<b>(1 151)</b>	<b>(1 518)</b>
Net financial items	(430)	(166)	(1 174)	(678)
<b>Profit (loss) before tax</b>	<b>(853)</b>	<b>(5)</b>	<b>(2 324)</b>	<b>(2 195)</b>
Tax income (expense)	(18)	(117)	307	351
<b>Profit (loss) from continuing operations</b>	<b>(872)</b>	<b>(122)</b>	<b>(2 017)</b>	<b>(1 844)</b>
Net profit from discontinued operations	948	(539)	(734)	(743)
<b>Profit (loss) for the period</b>	<b>77</b>	<b>(661)</b>	<b>(1 282)</b>	<b>(2 587)</b>

# Analysis of underlying performance

<i>NOK million</i>	Q4 reported	Disqualifying hedges	Impairments	Santos gain	Restructuring provisions	Sum one-offs	Q4 normalized
<b>Total operating revenue</b>	<b>1 202</b>			172		<b>172</b>	<b>1 030</b>
<b>EBITDA</b>	<b>166</b>	1		172	(30)	<b>143</b>	<b>23</b>
Depreciation & amortization	(182)						(182)
Impairment	(407)		(407)			(407)	
Financial items	(430)	(41)	(236)			(277)	(153)
Profit before tax continuing operations	(853)	(40)	(643)	172	(30)	(541)	(312)

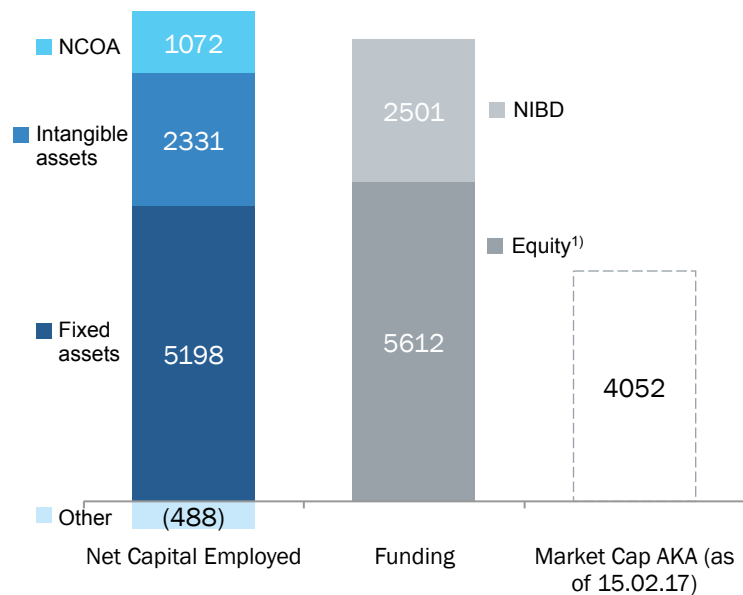
# Summary of transactions

	✓	✓	✓	✓	✓
	Sold MPO to AFGlobal	JV with Mitsui	Sold Business Solutions to Cognizant	Sold Fjords Processing to NOV	Joined Frontica Advantage into NES (Q1 17)
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	-	-	-	-
Pre-tax gain (loss)	(NOK 127m)	USD 20m	NOK 507m	NOK 654m	Approx. NOK 385m

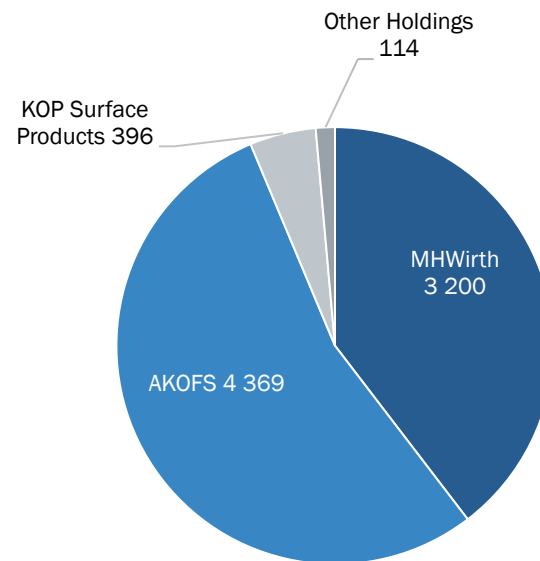
# The Akastor Portfolio

## NET CAPITAL EMPLOYED OF NOK 8.1 BILLION

NOK million



1) Equity excludes cash flow hedge reserve



NET CAPITAL EMPLOYED REDUCED WITH NOK 2.2 billion in Q4.



# Capital Structure

- ✓ Net Interest bearing debt of NOK 2.5 bn as of Q4:
  - Gross Debt of NOK 3 054 million, of which financial lease NOK 1 622 million and bank debt NOK 1,432 million
  - Cash of NOK 487 million
  - Interest bearing assets of NOK 66 million
- ✓ Liquidity reserve of NOK 3.1 bn
  - Cash of NOK 0.5 bn
  - Undrawn credit facilities of NOK 2.6 bn
  - Max limits of Revolving facilities reduced with NOK 1.7 bn
- ✓ Waiver agreed with bank syndicate in January 2017:
  - The ICR Ratio (financial covenant) to be replaced by nominal EBITDA covenant throughout Q2 2018
  - The revolving facilities to be reduced with another NOK 600 million (originally planned for Q1 2018)
  - Relaxation on restrictions on acquisitions for up to NOK 1.0 bn

## FUNDING

	SIZE	MATURITY	MARGIN
REVOLVING	USD 313 million	July 2019	1.65%–4.5%
REVOLVING	NOK 1 122 million	July 2019	1.65%–4.5%
BRAZIL FACILITY	BRL 130 million	May 2022	8.5% average cost

## MINIMUM EBITDA COVENANT\*

2017		2018	
Q1	150	Q1	325
Q2	150	Q2	425
Q3	175		
Q4	225		

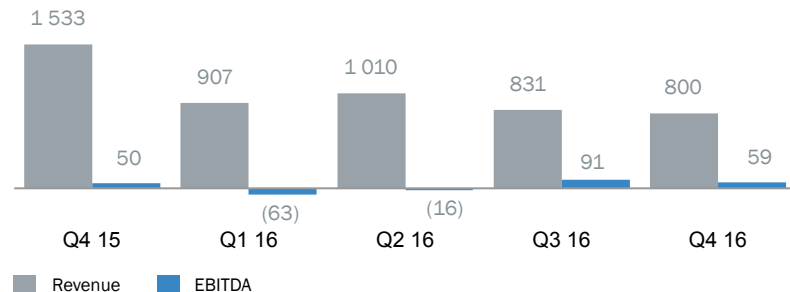
\* last twelve months EBITDA, adjusted for non-recurring items like restructuring costs and sales gains

# MHWirth

- ✓ Revenues down 48 % in Q4 2016 compared with 2015
- ✓ EBITDA of NOK 59 million in the quarter including NOK 30 million restructuring costs
- ✓ Order intake of NOK 789 million
- ✓ NCOA down NOK 302 million to NOK 1.1 billion

## Revenue and EBITDA

NOK million

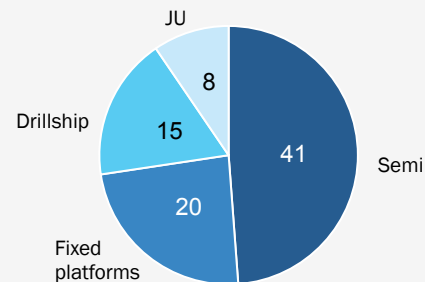


## BUSINESS SPLIT YTD BASED ON REVENUE

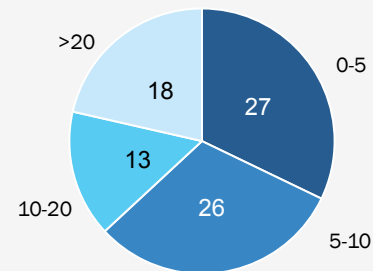
Projects; 28 %	DLS/service; 52 %	Single equipment/ other; 20 %
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## INSTALLED BASE (84 UNITS)

by type

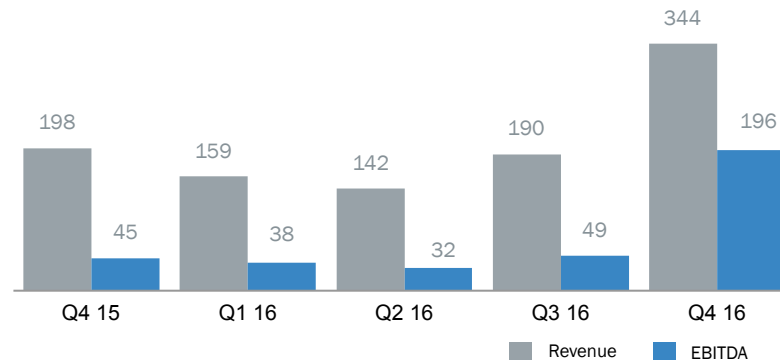


by age  
(years)

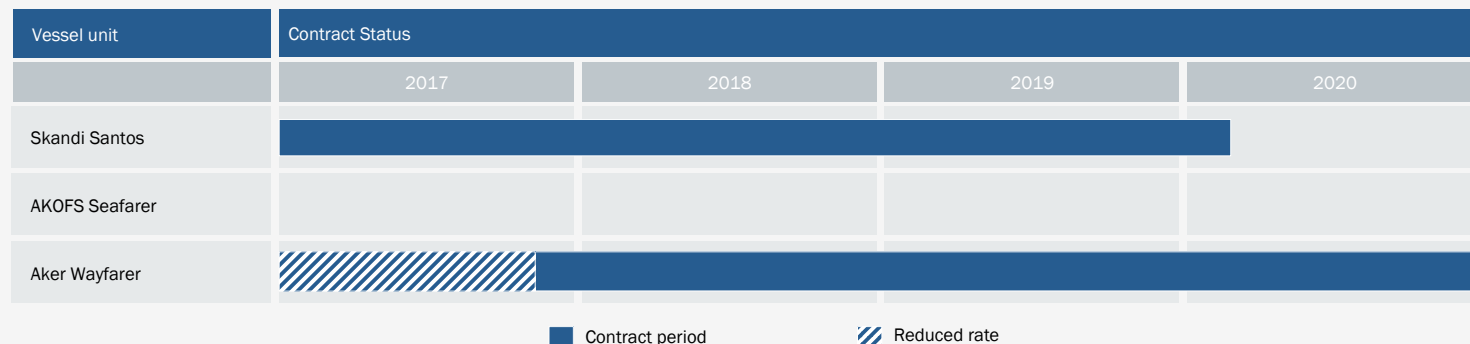


# AKOFS Offshore

- ✓ Skandi Santos with high utilization in the quarter
- ✓ Agreement with Mitsui to create 50/50 JV on the Santos vessel
- ✓ EBITDA of NOK 196 million in Q4 of which NOK 172 million from Santos transaction
- ✓ 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

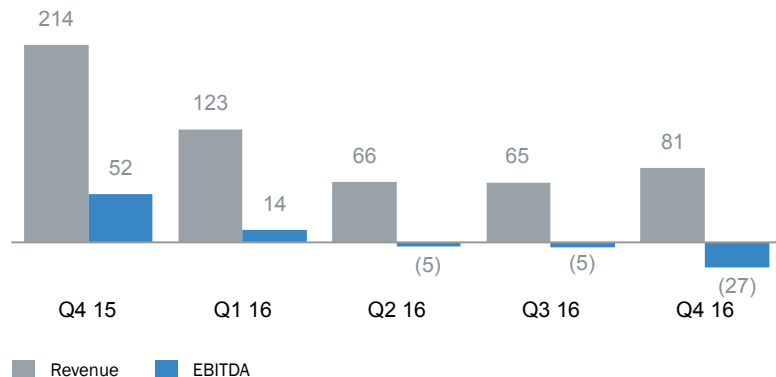


# KOP Surface Products

- ✓ Revenues of NOK 81 million in the quarter
- ✓ EBITDA of NOK -27 million
- ✓ Order intake of NOK 87 million in Q4

## Revenue and EBITDA

NOK million

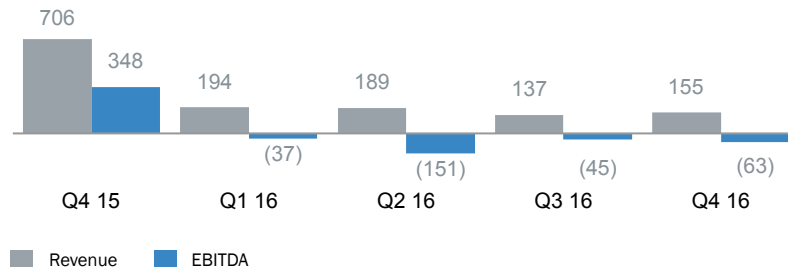


# Other Holdings

- ✓ Step Oiltools and First Geo: EBITDA of NOK -13 million
- ✓ Effect from hedges not qualifying for hedge accounting of NOK 1 million

## Revenue and EBITDA

NOK million



# Additional information

# Condensed Consolidated Income Statement

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# Condensed Consolidated Statement of Financial Position

<i>NOK million</i>	31.12.2016	31.12.2015
Deferred tax asset	600	468
Intangible assets	1 731	2 785
Property, plant and equipment	5 198	6 480
Other non-current assets	104	478
Equity accounted investees and other Investments	213	437
Non-current interest-bearing receivables	51	84
<b>Total non-current assets</b>	<b>7 897</b>	<b>10 732</b>
Current operating assets	4 250	9 171
Current interest-bearing receivables	15	72
Cash and cash equivalents	487	563
Assets classified as held for sale	212	
<b>Total current assets</b>	<b>4 964</b>	<b>9 805</b>
<b>Total assets</b>	<b>12 861</b>	<b>20 537</b>
Equity attributable to equity holders of Akastor ASA	5 580	7 386
<b>Total equity</b>	<b>5 580</b>	<b>7 386</b>
Deferred tax liabilities	15	51
Employee benefit obligations	380	434
Other non-current liabilities and provisions	445	414
Non-current borrowings	1 494	1 583
<b>Total non-current liabilities</b>	<b>2 334</b>	<b>2 483</b>
Current operating liabilities and provisions	3 209	6 613
Short borrowings	1 560	4 054
Liabilities classified as held for sale	177	-
<b>Total current liabilities</b>	<b>4 947</b>	<b>10 667</b>
<b>Total liabilities and equity</b>	<b>12 861</b>	<b>20 537</b>

# Key Figures

## AKASTOR GROUP (continuing operations)

<i>Amounts in NOK million</i>	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	2015	2016
Operating revenue and other income	2 544	1 353	1 392	1 196	1 370	9 983	5 310
EBITDA	495	(48)	(140)	91	166	567	69
EBIT	160	(264)	(355)	(108)	(424)	(1 518)	(1 151)
CAPEX and R&D capitalization	111	65	43	37	17	1 548	162
NCOA	2 422	2 031	2 114	1 700	1 072	2 422	1 072
Net capital employed	10 718	10 211	10 207	9 569	8 078	10 718	8 078
Order intake	1 519	932	1 137	814	1 024	5 368	3 907
Order backlog	12 702	12 078	8 323	7 583	7 753	12 702	7 753
Employees	4 069	3 504	3 009	2 859	2 702	4 069	2 702



# Split per Company

## MHWIRTH (*continuing operations*)

<i>Amounts in NOK million</i>	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	2015	2016
Operating revenue and other income	1 533	907	1 010	831	800	6 527	3 548
EBITDA	50	(63)	(16)	91	59	18	71
EBIT	(66)	(163)	(119)	23	(293)	(349)	-552
CAPEX and R&D capitalization	50	11	14	3	8	360	36
NCOA	2 133	1 811	1 683	1 393	1 091	2 133	1 091
Net capital employed	4 285	3 909	4 032	3 846	3 200	4 285	3 200
Order intake	1 139	631	912	604	789	3 475	2 936
Order backlog	5 654	5 363	1 668	1 490	1 481	5 654	1 481
Employees	2 894	2 477	2 059	1 849	1 738	2 894	1 738

# Split per Company

## AKOFS OFFSHORE

<i>Amounts in NOK million</i>	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	2015	2016
Operating revenue and other income	198	159	142	190	344	781	835
EBITDA	45	38	32	49	196	104	316
EBIT	(41)	(41)	(45)	(45)	(3)	(1 288)	(134)
CAPEX and R&D capitalization	17	48	25	28	7	1 057	108
NCOA	69	103	256	150	121	69	121
Net capital employed	5 183	5 142	5 264	4 880	4 369	5 183	4 369
Order intake	12	23	7	48	28	305	106
Order backlog	6 430	6 145	6 160	5 719	5 900	6 430	5 900
Employees	91	93	93	167	113	91	113

## KOP SURFACE PRODUCTS

<i>Amounts in NOK million</i>	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	2015	2016
Operating revenue and other income	214	123	66	65	81	1 131	335
EBITDA	52	14	(5)	(5)	(27)	242	(22)
EBIT	28	(1)	(19)	(18)	(42)	177	(80)
CAPEX and R&D capitalization	16	3	2	5	2	31	13
NCOA	240	187	163	148	119	240	119
Net capital employed	555	490	461	425	396	555	396
Order intake	91	115	71	48	87	553	321
Order backlog	149	138	144	120	133	149	133
Employees	682	549	502	494	488	682	488

# Split per Company

## OTHER HOLDINGS *(restated)*

<i>Amounts in NOK million</i>	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	2015	2016
Operating revenue and other income	706	194	189	137	155	1 769	674
EBITDA	348	(37)	(151)	(45)	(63)	203	(296)
EBIT	239	(59)	(172)	(68)	(86)	(57)	(385)
CAPEX and R&D capitalization	29	3	2	0	1	99	5
NCOA	(20)	(68)	12	10	(258)	(20)	(258)
Net capital employed	694	670	451	419	114	694	114
Order intake	448	204	149	139	129	1 270	621
Order backlog	448	415	312	228	224	448	224
Employees	402	385	355	349	363	402	363

# AKASTOR



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