



# THIRD QUARTER RESULTS 2017

October 26, 2017

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# Agenda

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## 1. Highlights

**David Wells**  
CEO



## 2. Financial review

**Kim Boman**  
CFO



## 3. Outlook

**David Wells**  
CEO



# Q3 2017 Highlights

## - Strong operational performance

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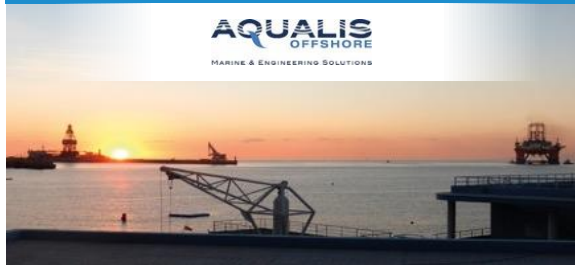
- Revenues of USD 7.3 million in Q3 2017 vs USD 6.4 million in Q3 2016
- High activity level maintained in a traditionally weak quarter
- Operating profit (EBIT) of USD 0.1 million in Q3 2017 vs loss of USD 0.7 million in Q3 2016
- Billing ratio<sup>1</sup> for technical staff of 83% in Q3 2017, same level as in Q2 2017
- Improved cash balance of USD 9.8 million at the end of Q3 2017
- Order backlog at USD 8.5 million vs USD 10.3 million at the end of Q2 2017
- Activity in offshore wind market still remains high and new contracts have been secured
- ADLER Solar<sup>2</sup> increasing the bidding activity, but sales taking longer time to close
- Continued solid HSE performance and no lost time incidents (LTIs) during the quarter

(1) Billing ratio for Technical Staff including subcontractors

(2) ADLER Solar is accounted for as an associate company

# Energy consultancy with significant market niche positions

## Offshore Oil and Gas



- Global presence with established market position
- Marine consultancy and engineering services
- Clients: Asset owners, oil companies, EPC contractors, financial institutions, insurance companies

## Offshore renewables



- Main activity in Europe
- Geotechnical & engineering, project management and due diligence for technology, projects and markets
- Clients: Developers, utilities, vessel owners, financial institutions, insurance companies, investors

## Solar<sup>1</sup>



- Strong position in Germany. Increasing exposure in Japan
- Technical services for the entire life cycle of PV plants
- Clients: PV manufacturers, plant operators, EPC contractors, financial institutions, insurance companies, investors

Enhanced service offering through the groups global network, client base, resources and expertise

1) Aqualis has an ownership of 49.9% in ADLER Solar



# Norway - Johan Sverdrup Drilling Platform

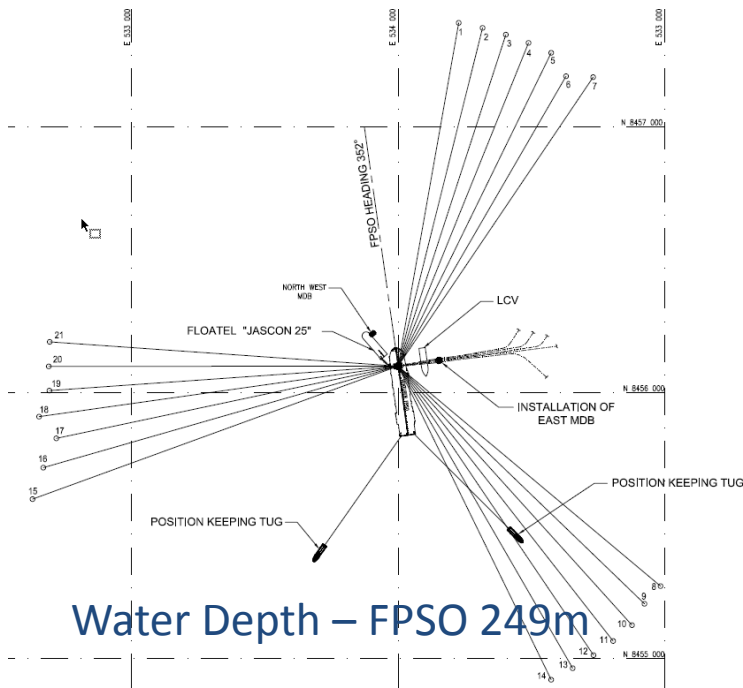
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The various modules for the Johan Sverdrup Drilling Platform have been manufactured at different yards.

Aqualis Offshore AS has performed on behalf of Nymo AS hazard analyses (HAZOPS) for the loadout, transportation, lifting and stacking of the modules as well as a HAZOP of the final transport of the Drilling Equipment Set (DES).



# Australia - Ichthys project – Positioning of CPF and FPSO

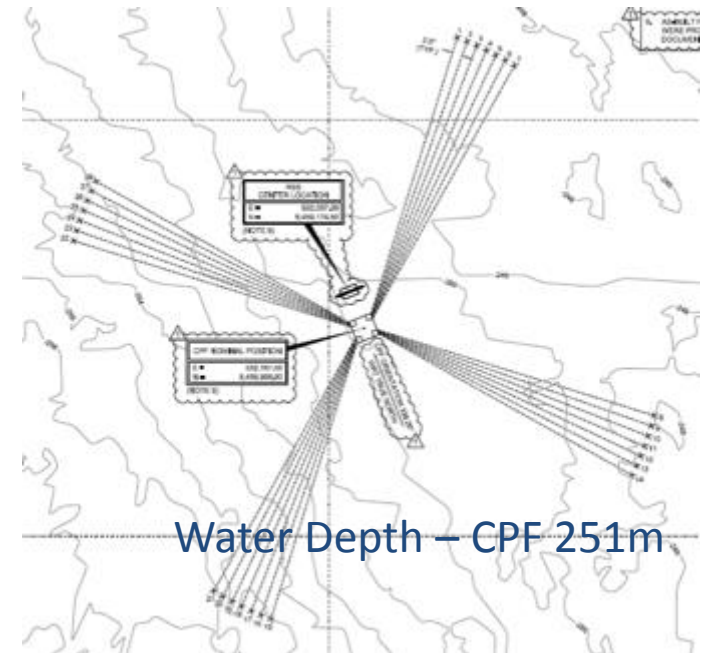


## FPSO

- ▶ 21 mooring lines (spread) in clusters of 7
- ▶ Mooring lines are to be pre-installed and pre-laid on the seabed, before the vessel arrives in field

## CPF

- ▶ 28 mooring lines (spread) in clusters of 7



- Engineering
- Position Keeping Marine Procedure and Execution
- Attendance offshore to supervise the station keeping operation
- Provision of Station Keeping Masters
- 24 hours operation

# Ichthys Explorer – Positioning of CPF (Ichthys Explorer)

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On 29 May 2017 the 120,000 tonnes “Ichthys Explorer” reached its final destination in Australian waters, 220 kilometres off the north coast of Western Australia.



Courtesy Capt. Serge Prakhov



# Ichthys Explorer – Positioning of CPF

Aqualis Offshore managed the position keeping procedure and provided the position keeping masters offshore while the CPF has been secured with eight anchors in total – two in each corner – to make it storm safe



The full mooring of the CPF uses a 28-point spread mooring system with chain-wire rope-chain line make-up attached to driven anchor piles

# Ichthys Venturer – Positioning of FPSO (Ichthys Venturer)

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In August 2017 Aqualis Offshore successfully completed our position keeping role for the Ichthys Venturer FPSO which is now fully moored in Australian waters.

Vessel specs : Length 335 m Beam 59m Deadweight 340,000 tonnes





# Ichthys Venturer – Positioning

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Aqualis Offshore also managed the position keeping procedure and provided position keeping masters offshore while the FPSO was secured with a 21-line mooring system.

With all mooring lines connected, Aqualis Offshore's position keeping masters are staying on board for heading control through the installations of the umbilical and flexible risers



# Bahrain LNG Terminal – Platform Transportation & Installation

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The project is being developed to supplement local gas production in Bahrain to ensure capacity to meet peak seasonal gas demand and industrial growth

The LNG import terminal will be located offshore approximately 4 km east of the onshore receiving facility at the Khalifa Bin Salman port



An offshore LNG terminal with an FSU will be constructed. The project will have a capacity of 800 million standard cubic feet per day and will be completed in early 2019

It will comprise a floating storage unit (FSU), an offshore LNG receiving jetty and breakwater, an adjacent regasification platform, subsea gas pipelines from the platform to shore, an onshore gas receiving facility, and an onshore nitrogen production facility

Aqualis Offshore's scope of work covers the regasification platform

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# Bahrain LNG Terminal – Jacket Transportation & Installation

Aqualis SOW:

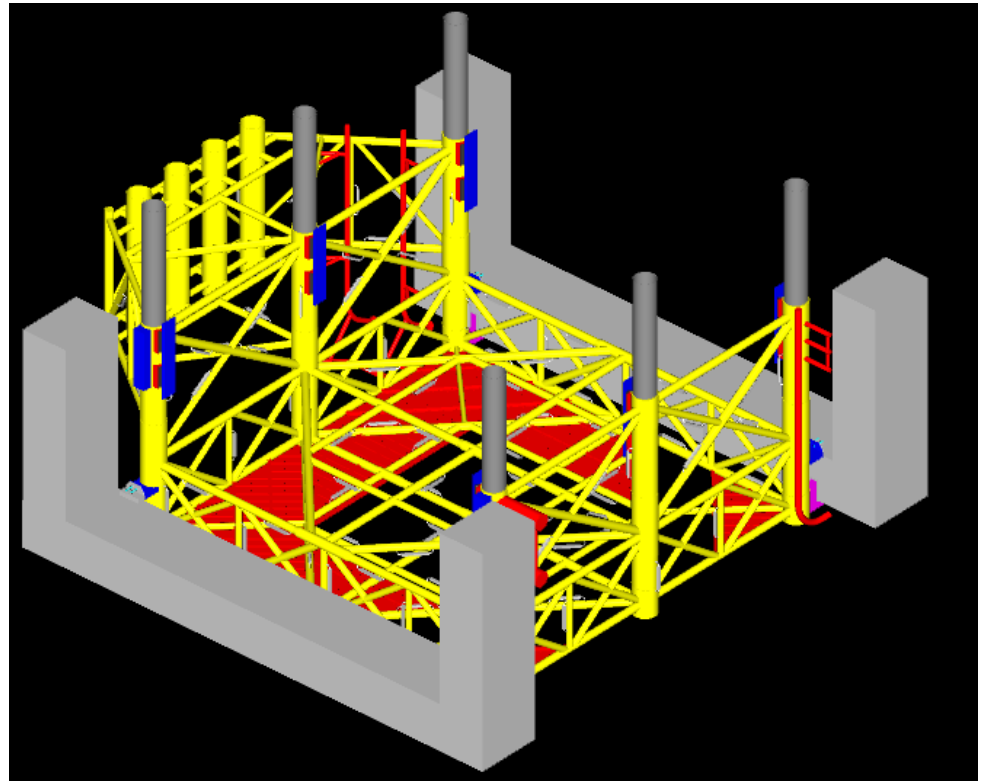
- Engineering related loadout, transportation and float on / off operation for jacket installation, including marine procedures
- Site supervision during loadout and installation

Jacket Weight (NTE) = 2,022 MT

Transportation Vessel “CCCC Semi-Submersible HLV Wishway”

Route: South Korea to Bahrain  
(floatoff location water depth > 20m)

Will be installed by float off and controlled submergence onto seabed



# Bahrain LNG Terminal – Topside Transportation & Installation

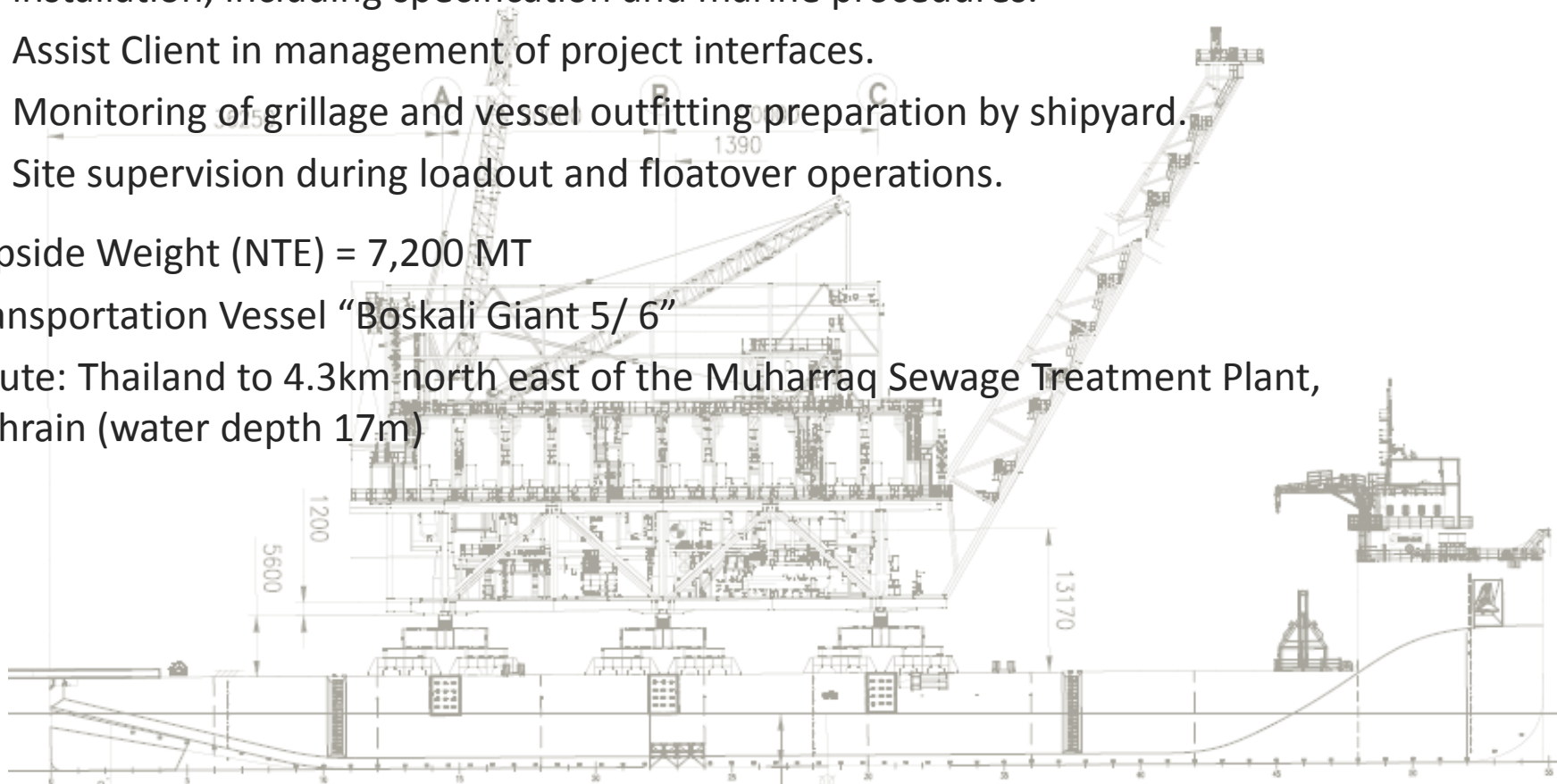
Aqualis SOW:

- All engineering related loadout, transportation and floatover operations for topside installation, including specification and marine procedures.
- Assist Client in management of project interfaces.
- Monitoring of grillage and vessel outfitting preparation by shipyard.
- Site supervision during loadout and floatover operations.

Topside Weight (NTE) = 7,200 MT

Transportation Vessel “Boskalis Giant 5/ 6”

Route: Thailand to 4.3km north east of the Muharraq Sewage Treatment Plant, Bahrain (water depth 17m)



# UK – Offshore Wind Geotechnical Project

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Offshore Wind Consultants Limited (OWC) has been awarded a contract for Scottish Power Renewables' East Anglia THREE offshore windfarm to provide project management services on a geotechnical site investigation covering:

- conceptual foundation design
- risk appraisal
- turbine layout assessment
- strategy support

The East Anglia THREE project is the second project to be developed in the East Anglia Zone

It covers an area of approximately 305 square kilometres, and ScottishPower Renewables anticipates up to 172 wind turbines, each having a rated capacity of between 7 megawatts (MW) and 12 MW with an installed capacity of up to 1,200 MW.



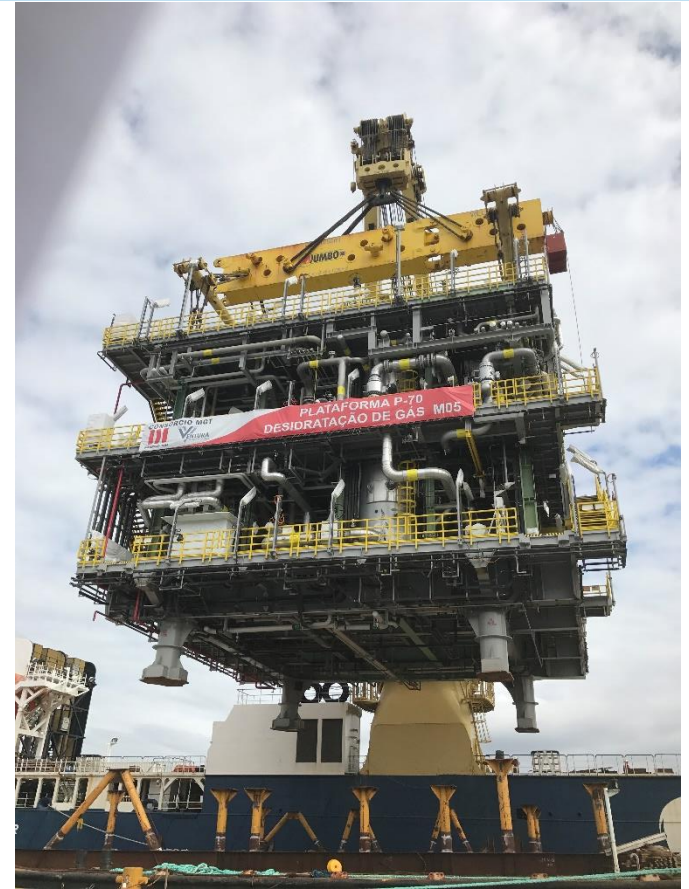
# P-70 FPSO Module Loadouts, Brazil

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Module M-05 being loaded out in Brazil onto m.v. “Jumbo Fairmaster” at Teporti Terminal in Itajai Port, Santa Catarina for the voyage to China

This is the heaviest ever single lift by a ships crane weighing in at 1140 tonnes

Aqualis Offshore was acting as MWS for Teporti on behalf of COOEC.





# GOM - MP261JP Platform Decommissioning Project

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- Removal of jacket and Topside using Versabar's VB 10000 twin truss crane



# OWC and Aqualis

## -Strong platform in place for developing offshore wind business

### Expanding blue chip client list



### Strong track record and brand

Geotechnical assessment & support: **6.6 GW**

Project management & support (incl. OE): **5.5 GW**

Subsea cables consultancy (route, risk, remediation): **5.0 GW**

Offshore Substations advisory: **2.4 GW**

TDD & Peer Review of offshore wind projects: **2.5 GW**

**Total Experience 22.0 GW**

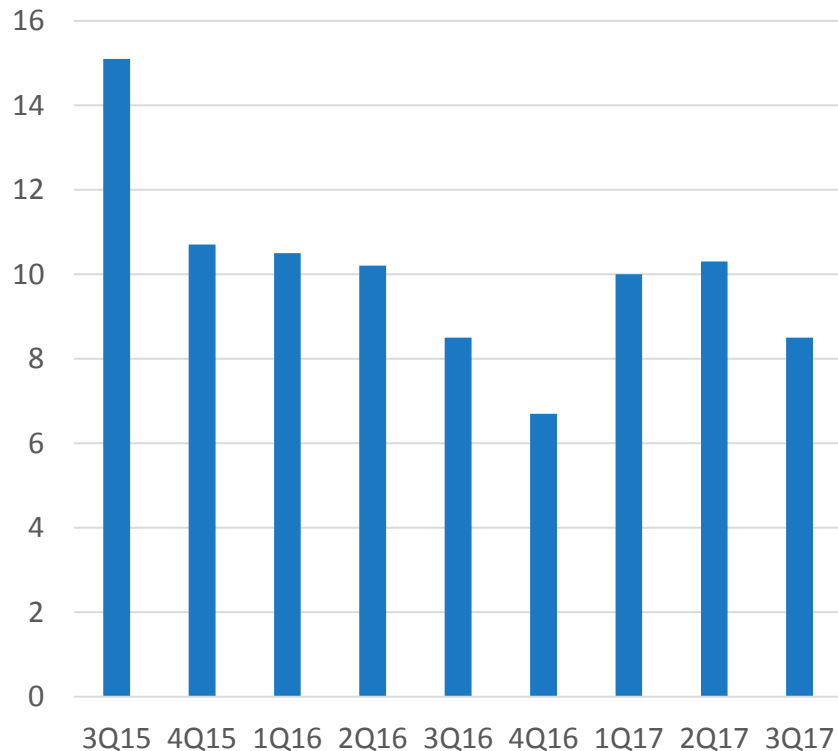
### Development opportunities

- Strong market foothold based on industry recognised experience, a strong brand and an excellent reputation
- Aim to strengthen its market position within offshore wind market in Europe and assess opportunities for geographical expansion
- New project recently secured in the US and other opportunities evaluated
- Emerging floating offshore wind market

Note: Excludes work on assignments considered confidential, so above project list is not exhaustive.

# Order backlog development

## Order backlog (USDm)

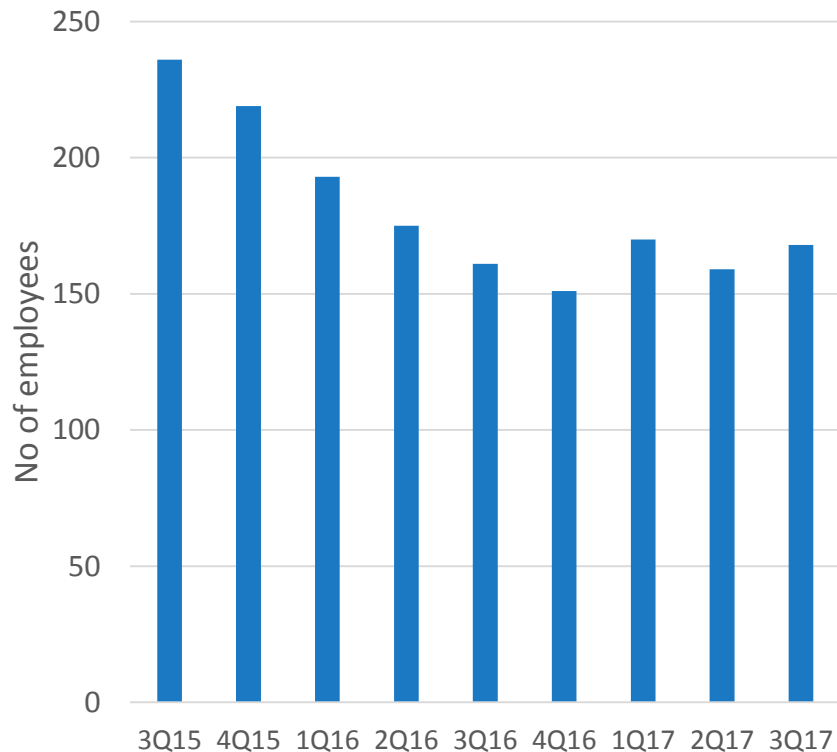


## Highlights Q3 2017

- Decrease in order backlog to USD 8.5m, partly related to change in scope on project held by OWC
- Pipeline of work expected from call out contracts is more positive, but visibility is limited and timing is hard to predict
- Backlog upside affected by re-focused strategy of supporting clients on day-to-day service operations which are typically call-out contracts that are only included in backlog figures when reliable estimates are available

# Staff level development

## Staff level development<sup>1</sup>



(1) Full time equivalent. Numbers include subcontractors on 100% utilization equivalent basis

(2) Figures excluding ADLER Solar and staff made temporary redundant

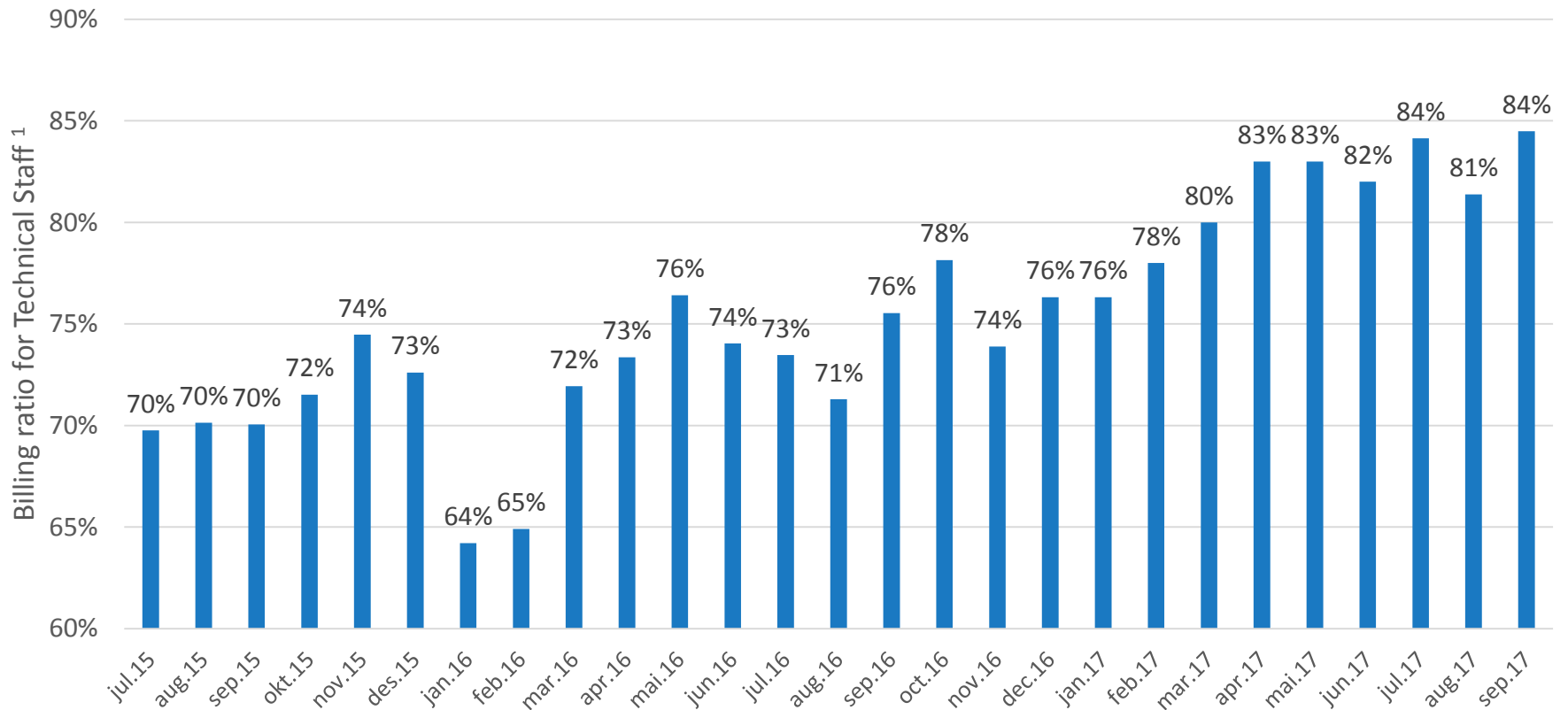
## Highlights Q3 2017

- The net increase in staff levels is related to increase in use of subcontractors
- The increased use of subcontractors allows a more flexible cost base whilst the short term outlook / position of the market is assessed



# Improved billing ratio trend at start of 2017

## - Total technical staff (including subcontractors), billing ratio %



### Notes:

- (1) Billing ratio for Technical Staff including subcontractors. Excludes management, business development, admin support staff and temporary redundancies. Figure calculated as billable hours / available hours. Available hours excludes paid absence (public holidays, time off in-lieu, compassionate leave, authorized annual leave) and unpaid absence (sabbatical and other unpaid leave). Figures excluding ADLER Solar

# Agenda

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## 1. Highlights

**David Wells**  
CEO



## 2. Financial review

**Kim Boman**  
CFO



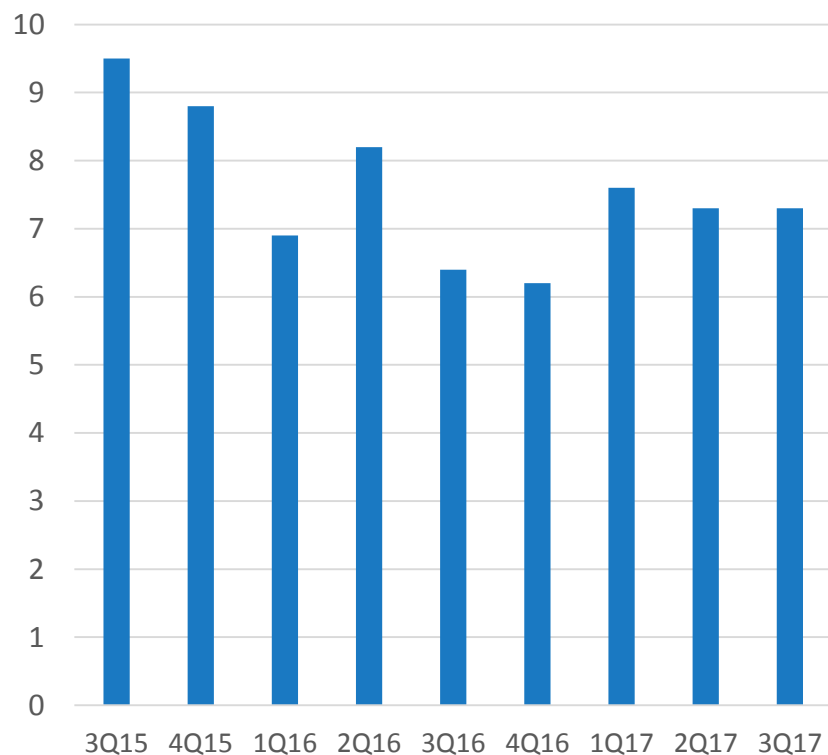
## 3. Outlook

**David Wells**  
CEO

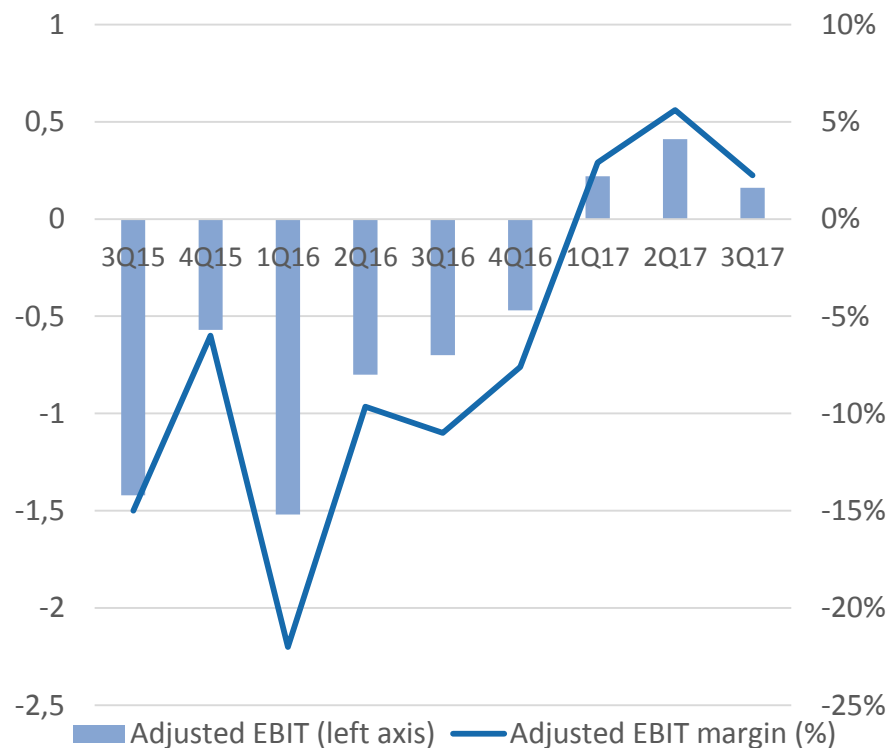


# Revenue and adjusted EBIT trend

## Revenue development (USDm)



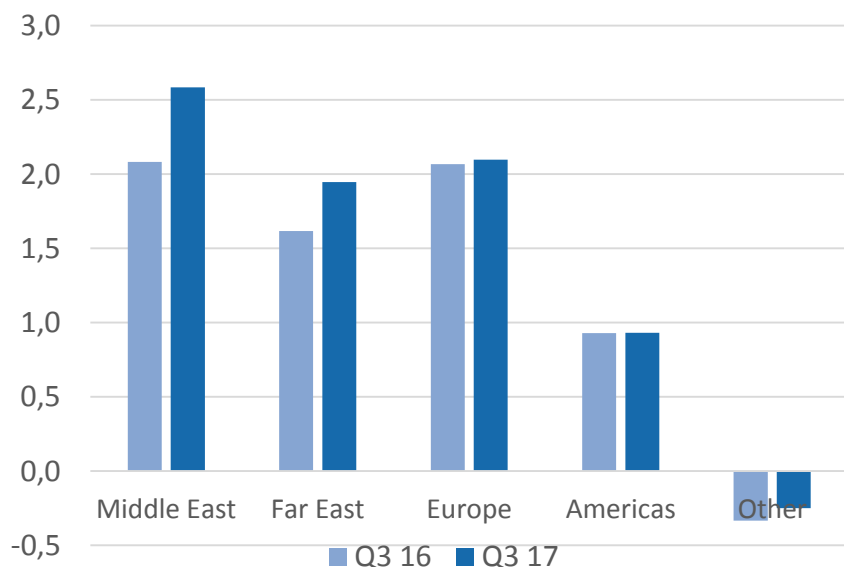
## Adjusted EBIT trend (USDm, %)



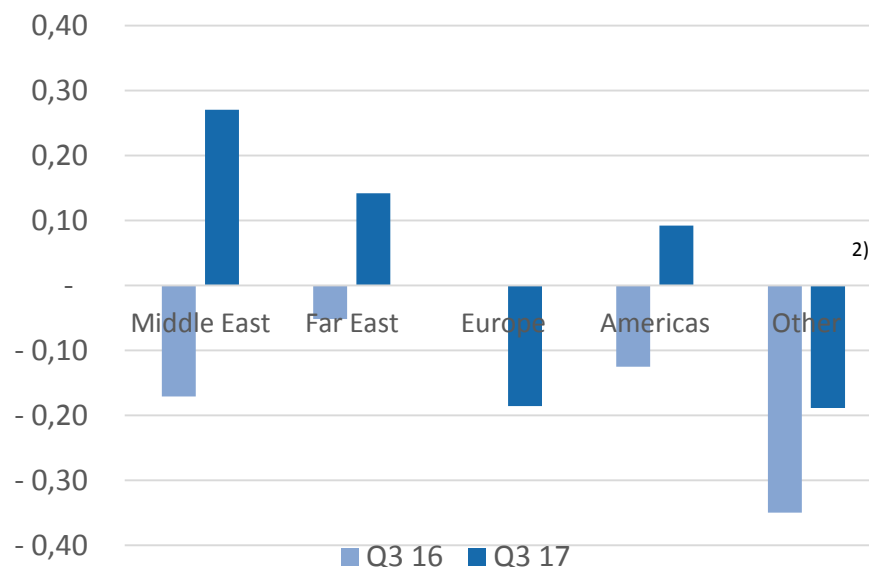
Adjusted EBIT: Earnings Before Interest and Taxes adjusted goodwill impairments

# Geographical split

## Revenue split (USDm)



## EBIT<sup>1</sup> split (USDm)



- Regional revenue differences y-o-y for entities respectively in Middle East +24%, Far East +20%, Europe +1% and Americas 0%

1) After allocation of group costs to entities. Corporate group costs that are not allocated to entities are included in «other»

2) Includes share of net income from associates, eliminations and corporate group costs



# ADLER Solar

## - Repositioning of services progressing

Foundation	Growing importance		«Infrastructure»
Recall/After sales	Repowering	EPC	Add on services
<ul style="list-style-type: none"> <li>• De- and re-mounting and repair of components. Work on warranty or guarantee claim</li> <li>• Clients: solar module manufacturers (and other solar component manufacturers)</li> <li>• Strong market position (#1 in Germany). Offered since incorporation in 2009 and has historically constituted the majority of activity</li> <li>• Approx 32% of gross revenues YTD 2017</li> </ul>	<ul style="list-style-type: none"> <li>• Change of modules and other components according to legal feed-in regulations</li> <li>• Clients: PV plant owners, banks, investors</li> <li>• Emerging market. Strong market position (#1 in Germany). Service launched in 2016</li> <li>• Approx 29% of gross revenues YTD 2017</li> </ul>	<ul style="list-style-type: none"> <li>• Engineering, procurement and construction of new pv sites</li> <li>• Clients: PV plant owners, investors</li> <li>• Fragmented market, many players have gone out of business. Service launched in 2017</li> <li>• Approx. 4% of gross revenues YTD 2017</li> </ul>	<ul style="list-style-type: none"> <li>• Expert reports, test center, inverter repair, technical due diligence, consultancy services</li> <li>• Clients: solar component manufacturers, PV plant owners, investors, insurance companies</li> <li>• Approx. 35% of gross revenues YTD 2017</li> </ul>

← More use of subcontractors →

# Income Statement

<i>Amounts in USD thousands</i>	<b>Q3 17</b>	<b>Q3 16</b>	<b>YTD 17</b>	<b>YTD 16</b>	<b>FY 2016</b>
Total revenues	7,312	6,364	22,187	21,380	27,564
Payroll and payroll related expenses	(3,706)	(4,280)	(11,460)	(15,188)	(19,303)
Other operating expenses	(3,329)	(2,631)	(9,527)	(8,691)	(11,016)
Depr., amort. and impairment	(34)	(48)	(98)	(178)	(794)
<b>Total operating expenses</b>	<b>(7,069)</b>	<b>(6,959)</b>	<b>(21,085)</b>	<b>(24,057)</b>	<b>(31,113)</b>
Share of net income from associates	(113)	(103)	(346)	(329)	(506)
<b>Operating profit (loss) (EBIT)</b>	<b>130</b>	<b>(698)</b>	<b>756</b>	<b>(3,006)</b>	<b>(4,055)</b>
Finance income	12	2	53	17	47
Finance expenses	-	(2)	(2)	(3)	(0)
Net foreign exchange gain (loss)	(464)	326	(906)	(576)	(10)
<b>Profit (loss) before taxes</b>	<b>(322)</b>	<b>(372)</b>	<b>(99)</b>	<b>(3,568)</b>	<b>(4,018)</b>
Income tax income (expenses)	(103)	(13)	(147)	(55)	144
<b>Profit (loss) after taxes</b>	<b>(425)</b>	<b>(385)</b>	<b>(246)</b>	<b>(3,623)</b>	<b>(3,874)</b>
Financial ratios					
<i>Operating margin (EBIT), %</i>	<i>1.8</i>	<i>(11.0)</i>	<i>3.4</i>	<i>(14.1)</i>	<i>(14.7)</i>
<i>Profit after tax, %</i>	<i>(5.8)</i>	<i>(6.1)</i>	<i>(1.1)</i>	<i>(16.9)</i>	<i>(14.1)</i>

- Revenues for Q3 2017 up 15% from Q3 2016
- Operating profit of USD 0.1 million
- Results from associated companies amounted to a loss of USD 0.1 million

# Strong Balance Sheet

<i>Amounts in USD thousands</i>	<b>30.09.2017</b>	<b>31.12.2016</b>
Equipment	191	184
Intangible assets	17,022	16,257
Investment in associates	2,812	2,853
Loan to associates	234	289
Deferred tax assets	103	122
Trade receivables	5,839	5,475
Other current assets	4,017	2,815
Cash and cash equivalents	9,753	9,910
<b>Total assets</b>	<b>39,971</b>	<b>37,905</b>
Equity	34,864	33,081
Deferred tax liability	460	425
Other non-current liabilities	574	527
Trade payables	1,569	1,093
Other current liabilities	2,504	2,779
<b>Total equity and liabilities</b>	<b>39,971</b>	<b>37,905</b>
Financial ratios		
Net debt, USD thousands	(9,753)	(9,910)
Equity/Assets ratio, %	87%	87%

- Strong financial position, cash of USD 9.8 million
- No interest bearing debt
- The net working capital will fluctuate during the year with type of projects, milestone payments and the overall revenues

# Cash Flow

<i>Amounts in USD thousands</i>	<b>Q3 17</b>	<b>Q3 16</b>	<b>YTD 17</b>	<b>YTD 16</b>	<b>FY 2016</b>
Operating cashflow	799	(652)	(218)	(3,533)	(4,127)
Investing cash flow	(52)	(0)	(55)	(5)	(382)
Financing cash flow	-	-	-	(368)	(368)
<b>Net change in cash and cash equivalents</b>	<b>747</b>	<b>(652)</b>	<b>(273)</b>	<b>(3,906)</b>	<b>(4,877)</b>
Cash and cash equivalents beginning period	8,948	11,684	9,910	14,864	14,864
Net change in cash and cash equivalents	747	(652)	(273)	(3,906)	(4,877)
Net foreign exchange difference	58	59	116	133	(77)
<b>Cash and cash equivalents end period</b>	<b>9,753</b>	<b>11,091</b>	<b>9,753</b>	<b>11,091</b>	<b>9,910</b>

- Net operating cash flow of USD 0.8 million. Impacted by decrease in net working capital

# Agenda

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1. Highlights  
David Wells  
CEO



2. Financial review  
Kim Boman  
CFO



3. Outlook  
David Wells  
CEO





# Outlook: Is the market turning ?

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- Aqualis view is that the upcycle has started, but prices and margins are still low.
- The oil and gas market has shown more stability and some strengthening in certain regions. Aqualis expects growth in the Middle East and for Asia to remain strong. This expectation is likely due to improved market conditions and gaining increased market share
- The order backlog and visibility remains primarily short term. The overall activity level for Aqualis in Q4 2017 is expected to be roughly in line with Q3 2017
- The offshore wind market is expected to maintain high activity levels but with continued rate pressure over the next quarters
- The fall in solar module price is expected by the ADLER Solar management to lead to increased demand for new installations of PV plants in Germany. ADLER Solar has had a good start in Q4 2017 with several contract wins and high bidding activity. The results for ADLER Solar are expected to improve in Q4 2017 with additional profitability measures being implemented
- Consolidation is needed in the marine and engineering consultancy industry to mitigate oversupply, rationalize global operations and achieve better economies of scale
- Aqualis has over the past year moved to a more flexible cost base. Aqualis aims to continue to strengthen its overall market position

# Appendix



# Top 20 shareholders

Name	Shares	%	
1 GROSS MANAGEMENT AS	7 367 996	17,42	
2 TIGERSTADEN AS	3 396 188	8,03	
3 MP PENSJON PK	1 667 628	3,94	
4 Carnegie Investment	NOM	1 580 886	3,74
5 AGITO HOLDING AS	1 350 000	3,19	
6 Saxo Bank A/S	NOM	1 079 212	2,55
7 LGT Bank AG	NOM	1 016 830	2,40
8 DIAB BADREDDIN	1 001 302	2,37	
9 DnB NOR MARKETS, AKS DNB Bank ASA	988 000	2,34	
10 LENOX PHILIP ALAN	830 583	1,96	
11 GISLERØD MAGNE	800 000	1,89	
12 SIX SIS AG 25PCT ACCOUNT	NOM	624 682	1,48
13 ALSTO CONSULTANCY LT 1 ST FLOOR 5		598 122	1,41
14 Nordnet Bank AB	NOM	587 840	1,39
15 BONNON IAN DENNIS		555 074	1,31
16 VERDIPAPIRFONDET DNB V/DNB ASSET		530 380	1,25
17 THEOFANATOS ANDREAS		512 188	1,21
18 KULA INVEST AS		504 362	1,19
19 OMA INVEST AS		500 000	1,18
20 SIX-SEVEN AS		472 717	1,12
Top 20 shareholders	25 963 990	61,39	

Source: VPS, 17.10.2017

# Global footprint – active in all major oil and gas regions

Corporate HQ: London

Operating in 21 offices in 15 countries

Approximately: 168 FTEs<sup>1</sup>

Traded on Oslo Stock Exchange

No interest bearing debt

ISO 9001:2008 & 18000:2007 approved



Energy consultants to the oil & gas, offshore renewable and solar sectors

1) Per September 2017. Including FTE subcontractors but excluding ADLER Solar. Adler Solar has ~76 employees



# Alternative Performance Measures

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The European Securities and Markets Authority (ESMA) issued guidelines on Alternative Performance Measures (“APMs”) that came into force on 3 July 2016. The Company has defined and explained the purpose of the following APMs:

## **Operating profit adjusted**

Management believes that “Operating profit adjusted” which excludes impairments of goodwill and other charges/(income) is a useful measure because it provides an indication of the profitability of the Company’s operating activities for the period without regard to significant events and/or decisions in the period that are expected to occur less frequently

## **Profit (loss) after taxes adjusted**

Management believes that “Profit (loss) after taxes adjusted” which excludes impairments of goodwill and other charges/(income) is a useful measure because it provides an indication of the profitability of the Company’s operating activities for the period without regard to significant events and/or decisions in the period that are expected to occur less frequently.

## **Order backlog**

Order backlog is defined as the aggregate value of future work on signed customer contracts or letters of award. Aqualis’ services are shifting towards “call out contracts” which are driven by day-to-day operational requirements. An estimate for backlog on “call out contracts” are only included in the order backlog when reliably estimates are available. Management believes that the order backlog figure is a useful measure in that it provides an indication of the amount of customer backlog and committed activity in the coming periods

