



# Aqualis ASA Company presentation June 6, 2018

“Den store selskapskvelden  
– SMB 2018”



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# Aqualis at a glance – A leading global energy consultancy

## OFFSHORE OIL & GAS



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

**AQUALIS**  
OFFSHORE

## OFFSHORE RENEWABLES



- Active in Europe, the US & Asia
- Engineering & project management consultancy
- Clients: Offshore wind farm developers, utilities, vessel owners, financial institutions, insurance companies, investors

**OFFSHORE  
WIND**  
CONSULTANTS

**17x offices in 14x countries**

**Leading niche player with strong track record**

**Strong financial position**

**ISO 9001 & OHSAS 18001**

**Listed on Oslo Stock Exchange**



**Global service offering**

**Quality**

**Flexibility**

**Experience**

**AQUALIS**

# Our History

## Start up and expansion

## Oil price fall: Rationalisation and adapt business model

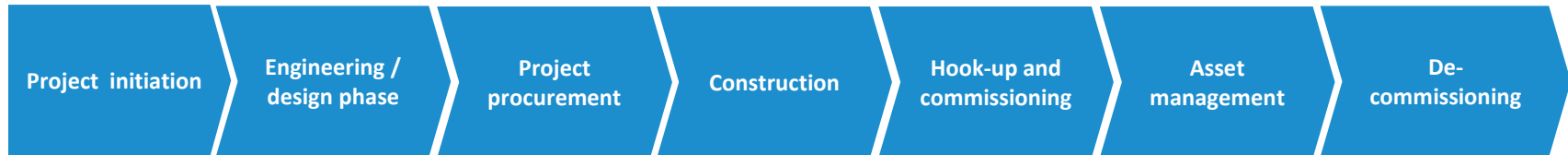
## Strengthening competitive position



# Offshore Oil & Gas

- Service offering covering the life cycle of offshore assets

## Marine project / asset life cycle



### Aqualis Offshore services

#### Engineering (niche-focus):

Basic / conceptual design / FEED  
Modifications and upgrades of drilling rigs / FPSOs / FSOs / lift-boats  
Transportation & installation analysis

#### Construction yard supervision:

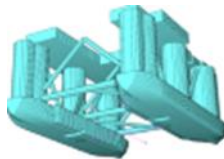
Site attendance on behalf of owners, shipyards, financial institutions, 3<sup>rd</sup> parties  
Conversions, upgrades & New-builds  
Due diligence / compliancy; financial community focus

#### Marine operations:

Transport and installation services; "moving of offshore assets"  
Rig moving  
Float-overs  
Site attendance & procedure management

#### Inspection & approvals:

Marine warranty services  
Mooring analyses  
Condition and suitability surveys / audits  
DP inspections and audits  
Jack-up site assessments



Aqualis' key competencies cover both offshore opex and capex cycles



# Offshore Oil & Gas

- Strong track record and extensive client list

## NOCs / IOCs



## Offshore contractors / shipyards



## Rig / vessel owners



## Underwriters / financial institutions



# Offshore renewables

- Service covering all needs in value chain

**AQUALIS**  
OFFSHORE  
MARINE & ENGINEERING SOLUTIONS



## Business Intelligence

Market & Technology  
Studies & Strategy



## Projects

Development, Engineering,  
Commercial, Technical &  
Project Management Support  
over Whole Lifecycle



## Transactions

Technical Due Diligence  
Advisory

# Offshore renewables

## - Global Clients & Projects

**AQUALIS**  
OFFSHORE  
MARINE & ENGINEERING SOLUTIONS



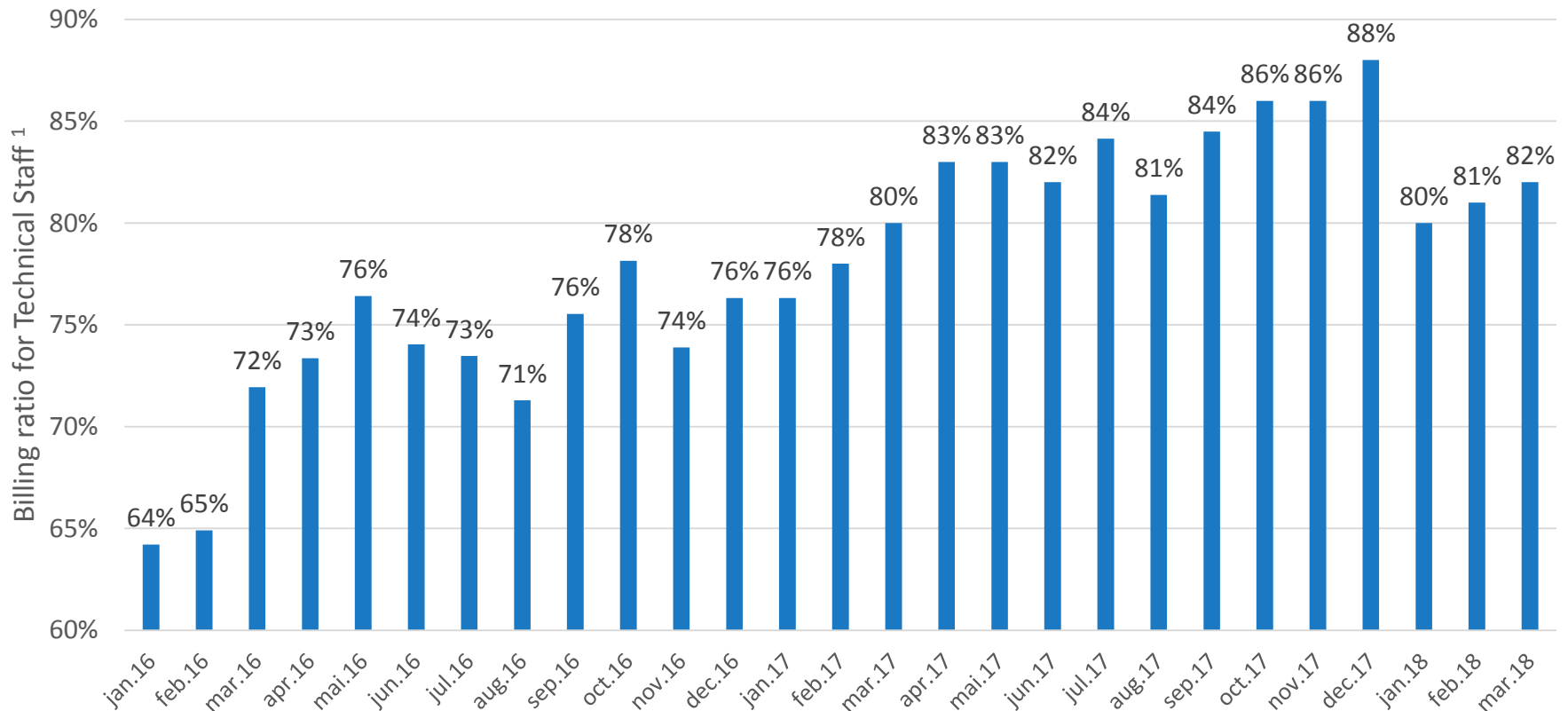
Ocean Wind (US)  
Bay State (US)  
East Anglia ONE (UK)  
East Anglia THREE (UK)  
Hornsea 1 (UK)  
Hornsea 2 (UK)  
Hornsea 3 (UK)  
Navitus Bay (UK)  
Kentish Flats Ext (UK)  
West of Duddon Sands (UK)  
Galloper (UK)  
Lincs (UK)  
Barrow (UK)  
Beatrice (UK)  
Robin Rigg (UK)  
Neart na Gaoithe (UK)  
London Array (UK)  
Walney 1 & 2 (UK)  
Gwynt y Mor (UK)  
Wikinger (DE)  
Borkum West II Phase 1 (DE)  
Borkum West II Phase 2 (DE)  
Nordsee Ost (DE)  
Horns Rev 3 (DK)

Fecamp (FR)  
Dunkirk (FR)  
Gode 1 & 2 (DE)  
Hohe See (DE)  
Fecamp (FR)  
Kincardine (Floating) (UK)  
HyWind 1 (Floating) (UK)  
Borssele 1 & 2 (NL)  
Burbo Bank Extension (UK)  
Race Bank (UK)  
Dudgeon (UK)  
Westernmost Rough (UK)  
Gunfleet Sands (UK)  
Ormond (UK)  
Triton Knoll (UK)  
Confidential Project (UK)  
Demo Project (Floating) (S Korea)  
Greater Changhua (Taiwan)  
Confidential Project (Taiwan)



# Billing ratio development

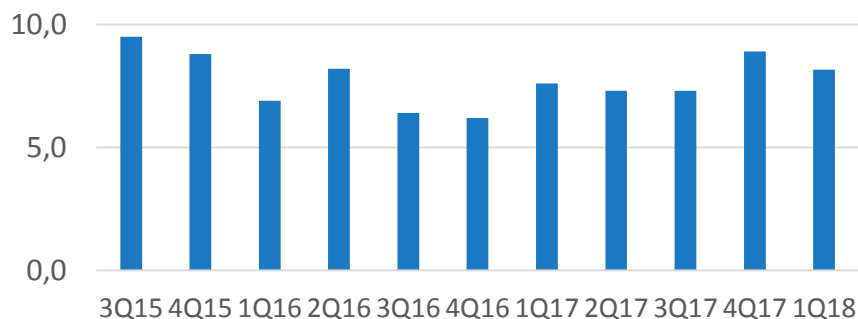
## - Total technical staff (including subcontractors), billing ratio %



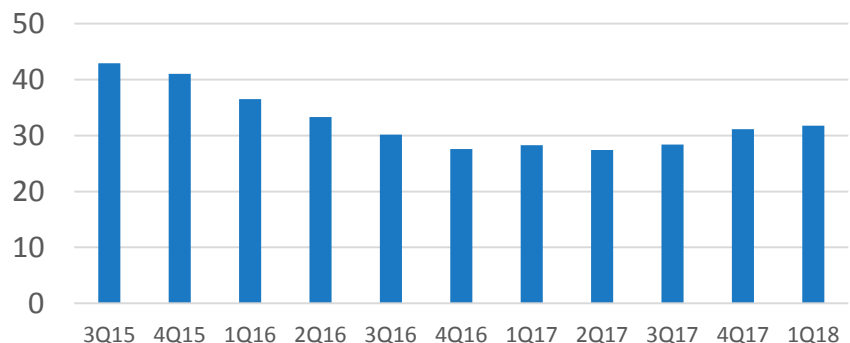
(1) Billing ratio for Technical Staff including subcontractors. Excludes management, business development, admin support staff and temporary redundancies. Figure calculated as billable hours / available hours. Available hours excludes paid absence (public holidays, time off in-lieu, compassionate leave,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

# Revenues and adjusted EBIT trend

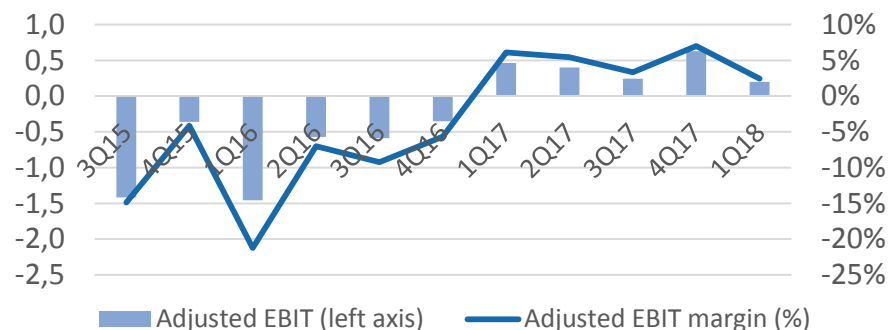
## Revenue development (USDm)



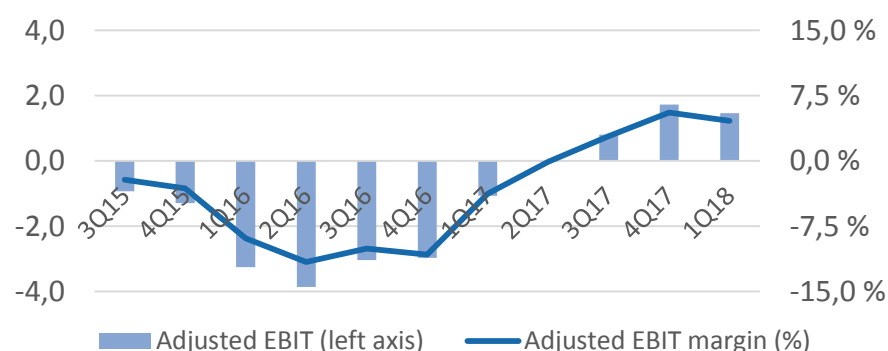
## Revenue last 12 months (USDm)



## Adjusted EBIT<sup>1</sup> development<sup>1</sup> (USDm, %)



## Adjusted EBIT<sup>1</sup> last 12 months (USDm, %)



(1) Adjusted EBIT: Earnings before interest and taxes adjusted for corporate restructuring costs in connection with the IPO in Q3 2014 for goodwill impairments, share of net profit / (loss) from associates and impairment of loan to and investment in associates

# The «AQUA» Share

## Share price development since Aug 2014<sup>1</sup>



## Top 20 shareholders<sup>2</sup>

#	Name	Shares	%
1	GROSS MANAGEMENT AS	7 367 996	17,4
2	TIGERSTADEN AS	1 793 915	4,2
3	MP PENSJON PK	1 527 228	3,6
4	Carnegie Investment	1 468 886	3,5
5	AGITO HOLDING AS	1 350 000	3,2
6	DnB NOR MARKETS, AKS DNB Bank ASA	1 250 000	3,0
7	Nordnet Bank AB	1 169 172	2,8
8	OMA INVEST AS	1 150 000	2,7
9	Saxo Bank A/S	1 045 209	2,5
10	LGT Bank AG	1 016 830	2,4
11	DIAB BADREDDIN	1 001 302	2,4
12	LENOX PHILIP ALAN	830 583	2,0
13	GISLERØD MAGNE	800 000	1,9
14	JPMorgan Chase Bank, NORDEA TREATY	750 000	1,8
15	TIGERSTADEN INVEST A c/o Per Espen	750 000	1,8
16	Danske Bank A/S 3887 OPERATIONS	748 604	1,8
17	SIX SIS AG 25PCT ACCOUNT	629 916	1,5
18	ALSTO CONSULTANCY LT 1 ST FLOOR 5	598 122	1,4
19	BONNON IAN DENNIS	555 074	1,3
20	THEOFANATOS ANDREAS	512 188	1,2
<b>Top 20 shareholders</b>		<b>26 315 025</b>	<b>62,2</b>

(1) Listed on Oslo Stock Exchange from 13th of August 2014

(2) VPS 04.06.2018

# Key Takeaways

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- Aqualis has strengthened its' market position and implemented a more robust business model
- Profitability has improved, but is too low
- Aqualis is a «young» company with opportunities to continue to grow organically
- Strong position to capitalize on the growth in the offshore wind market and normalization of market conditions in the oil and gas market
- Aqualis supports consolidation of the industry



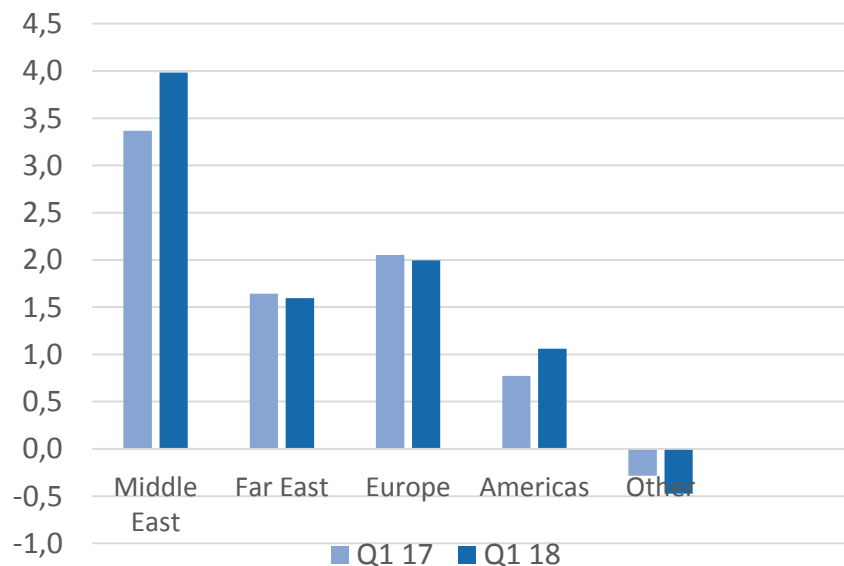
# Appendix



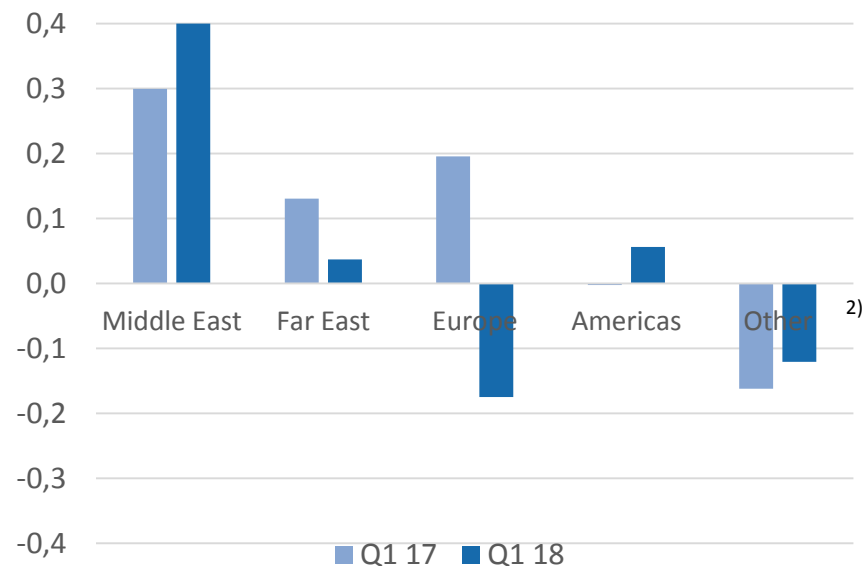


# Geographical split

## Revenue split (USDm)



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



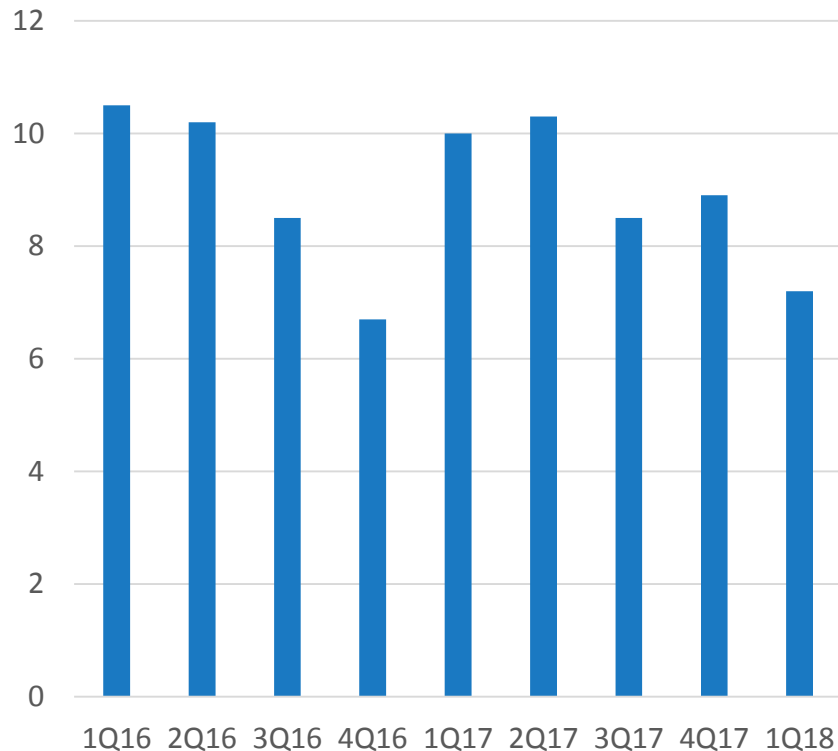
- Regional revenue differences y-o-y for entities respectively in Americas +37%, Middle East +18%, Far East -3% and Europe -3% (note: OWC increased revenues with 26% y-o-y)

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

2) Other excludes goodwill impairments, share of net profit / (loss) from associates and impairment of loan to and investment in associates

# Order backlog development

## Order backlog (USDm)

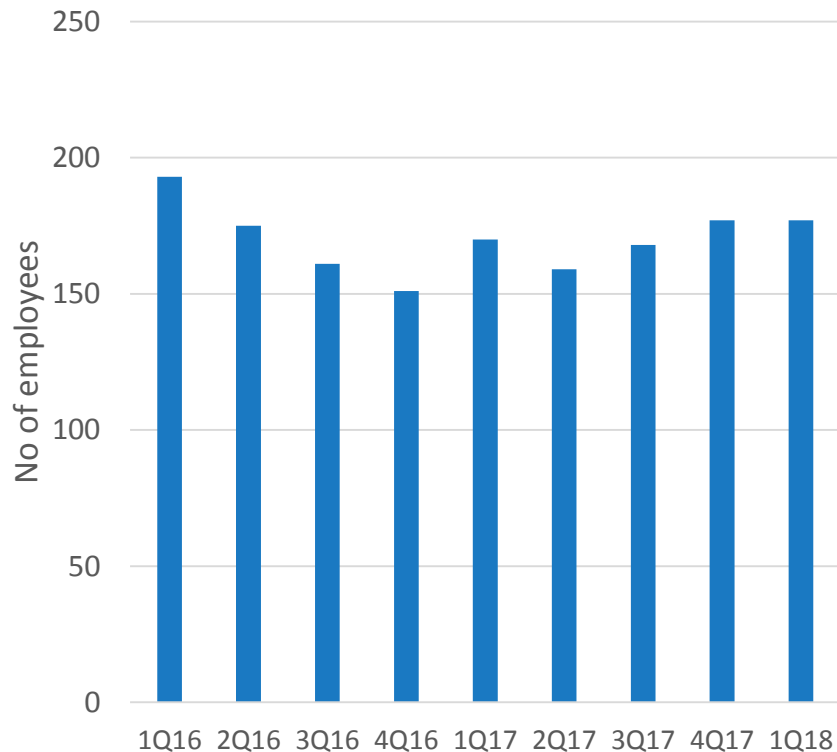


## Highlights Q1 2018

- Decrease in order backlog to USD 7.2 m
- Pipeline of work expected from call out contracts is positive and has increased, 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 and excludes Adler Solar and staff made temporary redundant

## Highlights Q1 2018

- Staff levels at same level as in Q4 2017
- The increased use of subcontractors has allowed a more flexible cost base whilst the short term outlook / position of the market is assessed
- Aqualis had 140 technical staff FTEs, including subcontractors at the end of Q1 2018

# Income Statement

<i>Amounts in USD thousands</i>	<b>Q1 2018</b>	<b>Q1 2017</b>	<b>FY 2017</b>
Total revenues	8,159	7,550	31,134
Payroll and payroll related expenses	(3,821)	(4,088)	(15,324)
Other operating expenses	(4,107)	(2,969)	(13,951)
Depr., amort. and impairment	(33)	(32)	(4,061)
<b>Total operating expenses</b>	<b>(7,961)</b>	<b>(7,091)</b>	<b>(33,336)</b>
Impairment of investment in associates	-	-	(2,919)
Share of net income from associates	-	(240)	(507)
<b>Operating profit (loss) (EBIT)</b>	<b>197</b>	<b>220</b>	<b>(5,628)</b>
Finance income	25	19	71
Finance expenses	(6)	-	-
Net foreign exchange gain (loss)	(399)	(120)	(776)
<b>Profit (loss) before taxes</b>	<b>(182)</b>	<b>120</b>	<b>(6,333)</b>
Income tax income (expenses)	(66)	(20)	(144)
<b>Profit (loss) after taxes</b>	<b>(247)</b>	<b>100</b>	<b>(6,477)</b>
Financial ratios			
<i>Adjusted EBIT</i>	<i>197</i>	<i>461</i>	<i>1,729</i>
<i>EBITDA</i>	<i>231</i>	<i>493</i>	<i>1,860</i>

- Revenues for Q1 2018 up 8% from Q1 2017
- EBITDA of USD 0.2 million
- Adjusted EBIT of USD 0.2 million

# Balance Sheet

<i>Amounts in USD thousands</i>	<b>31.03.2018</b>	<b>31.12.2017</b>
Equipment	153	160
Intangible assets	13,234	13,063
Deferred tax assets	70	69
Trade receivables	7,080	7,886
Other current assets	4,248	3,033
Cash and cash equivalents	9,778	9,709
<b>Total assets</b>	<b>34,563</b>	<b>33,920</b>
Equity	28,849	28,451
Deferred tax liability	163	156
Other non-current liabilities	659	617
Trade payables	1,657	1,888
Income tax payable	81	74
Other current liabilities	3,154	2,734
<b>Total equity and liabilities</b>	<b>34,563</b>	<b>33,920</b>
Financial ratios		
Net debt, USD thousands	(9,778)	(9,709)
Equity/Assets ratio, %	83%	84%

- 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



# 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:

## **EBITDA**

Management believes that “EBITDA” which excludes share of net profit / (loss) from associates, depreciation, amortisation and impairments is a useful measure because it provides useful information regarding the Company’s ability to fund capital expenditures and provides a helpful measure for comparing its operating performance with that of other companies. EBITDA may not be comparable to other similarly titled measures from other companies

## **Operating profit adjusted**

Management believes that “Operating profit adjusted” which excludes share of net profit / (loss) from associates, impairments of goodwill and impairment of investment in associates 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 share of net profit / (loss) from associates, impairments of goodwill and impairment of investment in associates 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