

Aqualis ASA

FOURTH QUARTER RESULTS 2015

Oslo, 18 February 2016

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Agenda



1. Highlights

David Wells
CEO



2. Financial review

Kim Boman
CFO



3. Outlook

David Wells
CEO



Q4 2015 highlights

- Completing the acquisition of a 49.9% stake in ADLER Solar, a engineering consultancy and testing services for all lifecycle phases of solar power plants and PV modules, creating a diversified energy consulting company
- Lower activity level in the oil and gas market
 - Relative high activity level in the Middle East region with weaker markets especially in Europe and the Americas
 - Marine activity remain relative strong while demand for engineering services reduced
- Healthy offshore wind market despite withdrawal of some government subsidies
- Rationalisation of engineering departments in Dubai, Houston and the office in Brazil to align capacity to changes in market conditions
- Continued solid HSE performance: no lost time incidents (LTIs) during the quarter

Financial summary Q4 2015

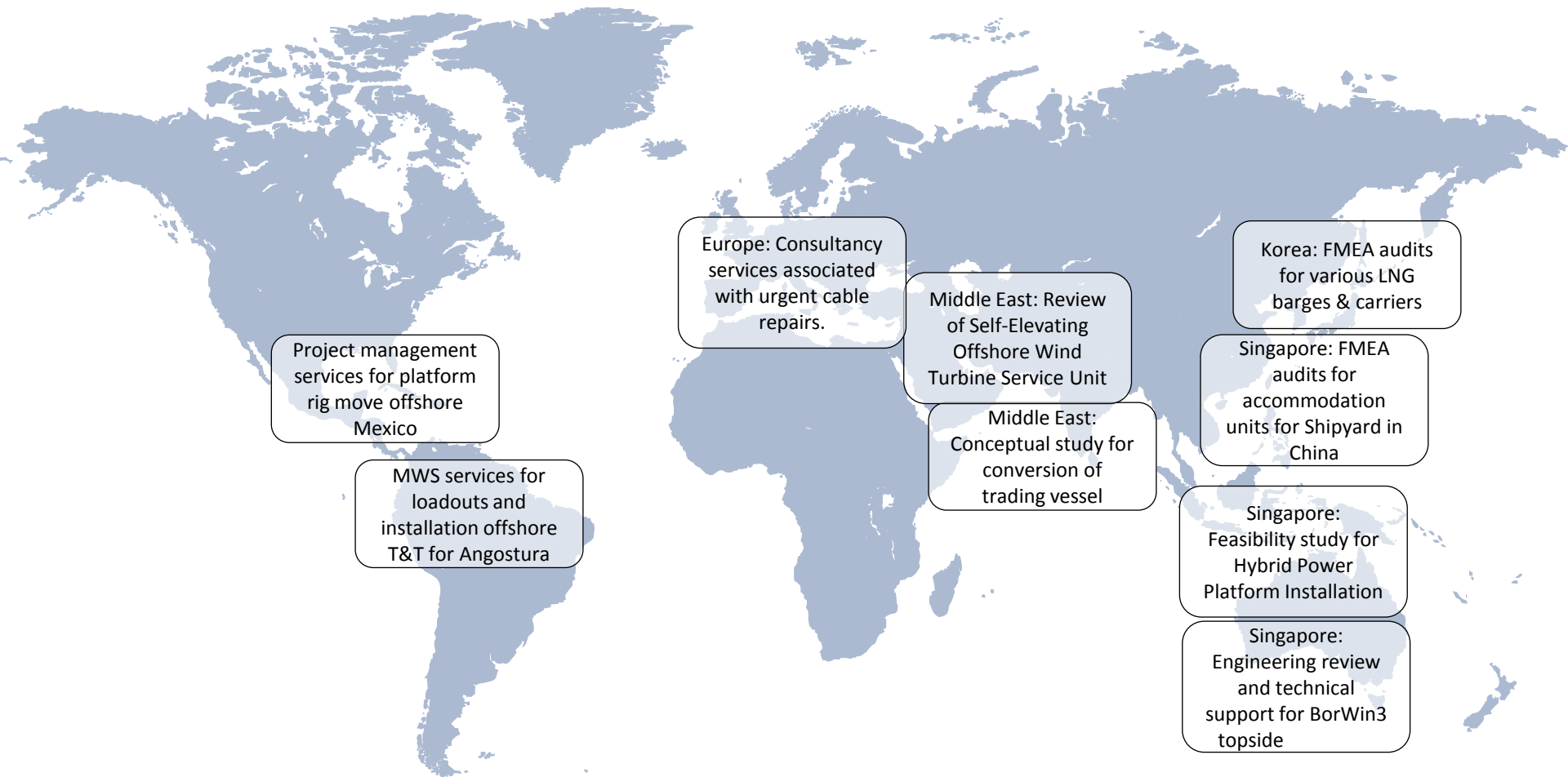
- Total operating revenue of USD 8.8 million
 - Reduction due to softer market conditions, strengthening USD and early termination of some contracts
 - Regional differences in activity level with increased activity in the Middle East region and lower in the Americas
- Operating loss (EBIT) of USD 1.1 million
 - Adjusted operating loss of USD 0.6 million¹
- Cash balance of USD 14.9 million
- 220 employees² at year end, down from 236 at end of Q3 2015

Notes:

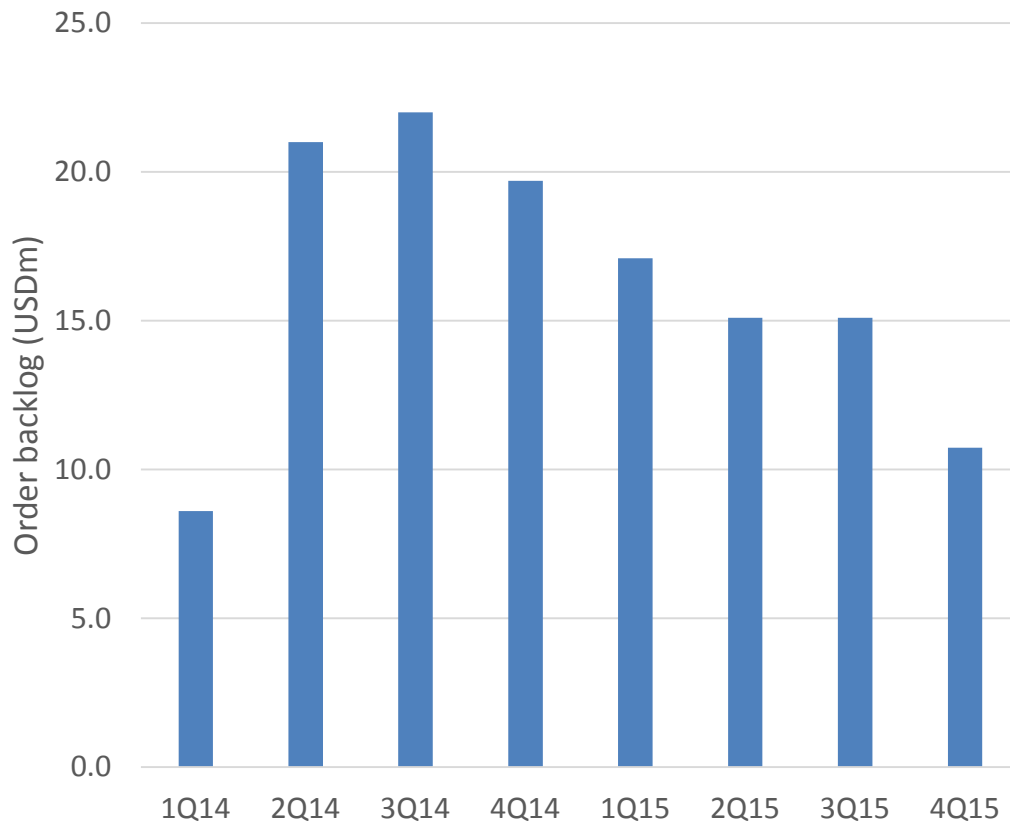
(1) Excluding goodwill impairment

(2) Includes contractors on 100% utilisation equivalent basis

Q4 2015 – main new contract wins



Order backlog – quarterly development



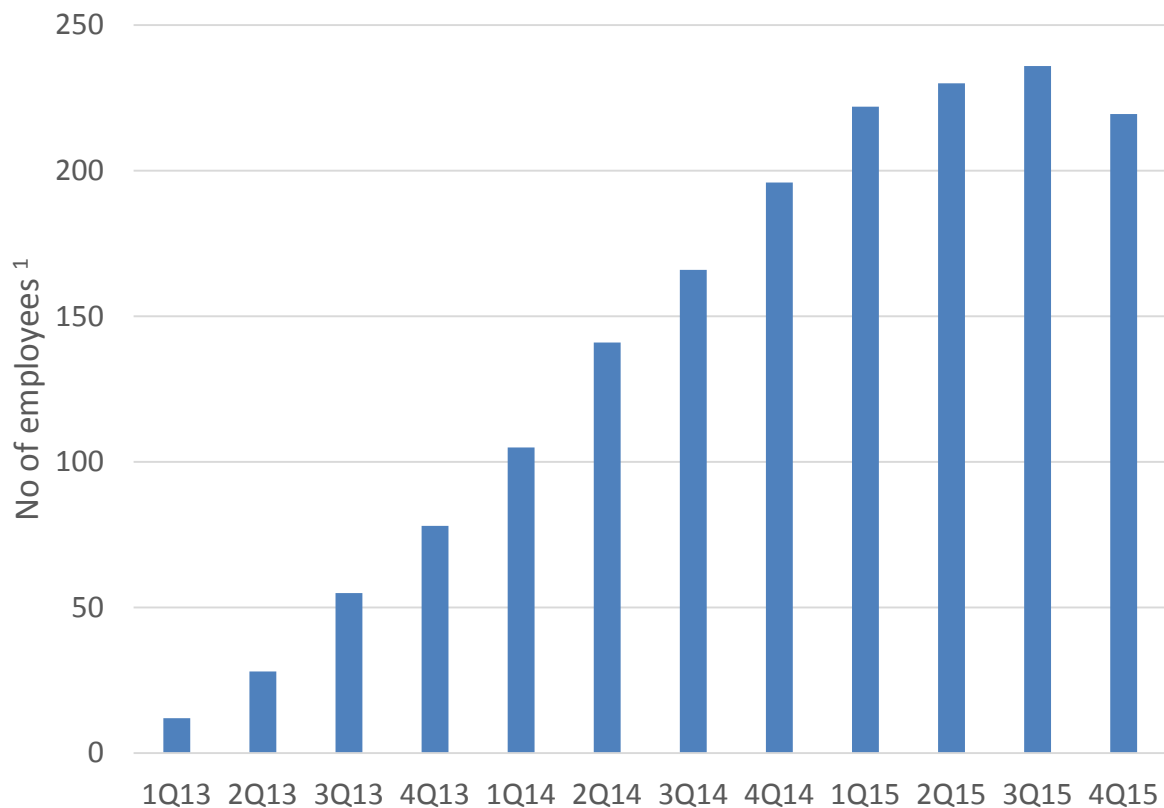
Highlights Q4 2015

- Backlog level decreased from Q3 2015
- Early termination of some contracts
- Backlog affected by re-focused strategy of supporting clients on day-to-day service operations which are typically call-out contracts that do not get included in backlog figures
- Pipeline of work expected from call out contracts continues to look solid

Notes:

- (1) Tristein AS included from May 2014; OWC Ltd from July 2014
- (2) Figures excluding ADLER Solar

Recruitment – quarterly development



Highlights Q4 2015

- The decrease mainly related to release of site teams in China and Singapore
- Rationalisation of the office in Brazil and the engineering departments in Dubai and Houston in Q4 will have effect from Q1 2016

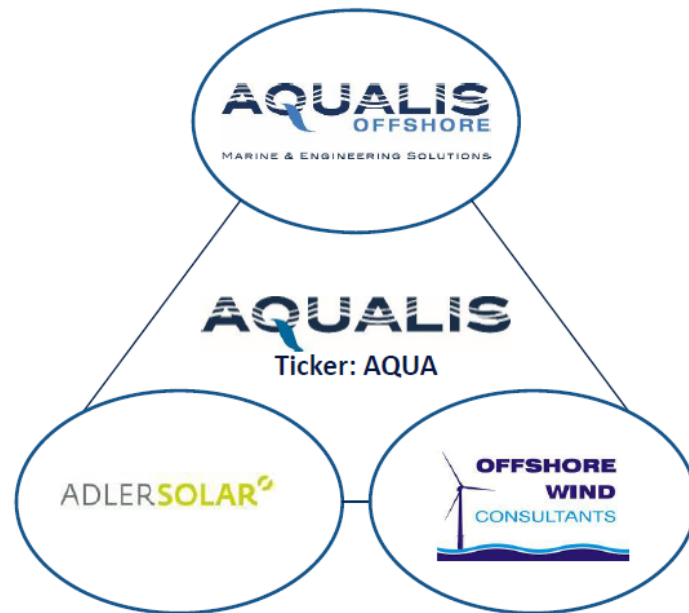
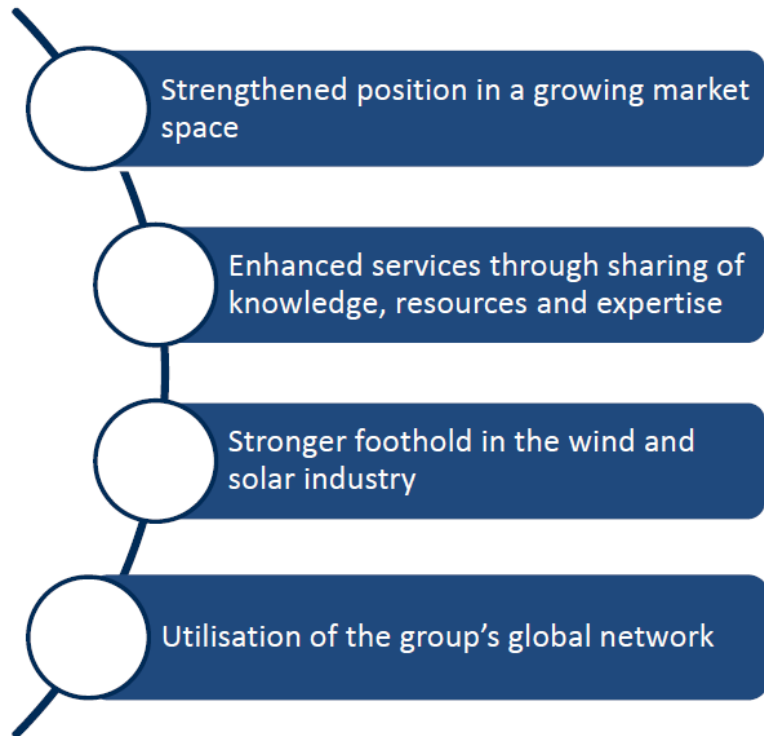
Notes:

- (1) Numbers include contractors on 100% utilization equivalent basis
- (2) Tristein AS included from May 2014; OWC Ltd from July 2014
- (3) Figures excluding ADLER Solar

Creation of a diversified energy consulting group

- Acquisition of 49.9% of ADLER Solar completed in Q4 2015

The combined Energy Consulting Group



Creation of a diversified energy consulting group

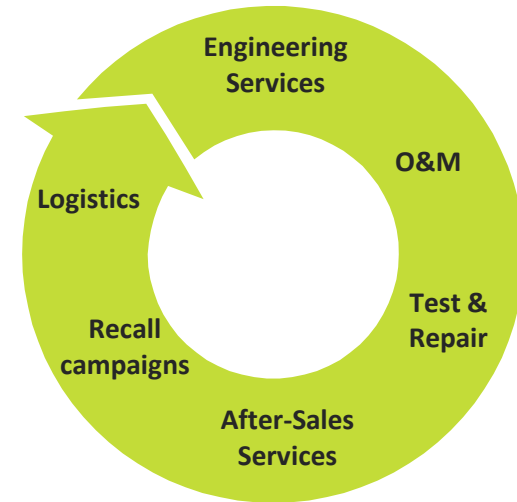
- ADLER Solar is a full service and solutions provider for the PV industry

History / background

| Year | Event |
|-----------|---|
| 2008 | Founding of ADLER Solar, HQ in Bremen |
| 2008-2011 | Concentration on large scale projects and recall campaigns |
| 2011 | Establishment of engineering consultancy |
| 2012 | EMEA service partner for First Solar, setting up ADLER Solar Trading |
| 2014 | Opening of the office and service center near Munich |
| 2015 | Founding of pvXchange and ADLER Solar Works. JV with YKD in Japan |
| 2016 | Full-service and solutions provider for the PV industry |

Services & Solutions

ADLER**SOLAR**²

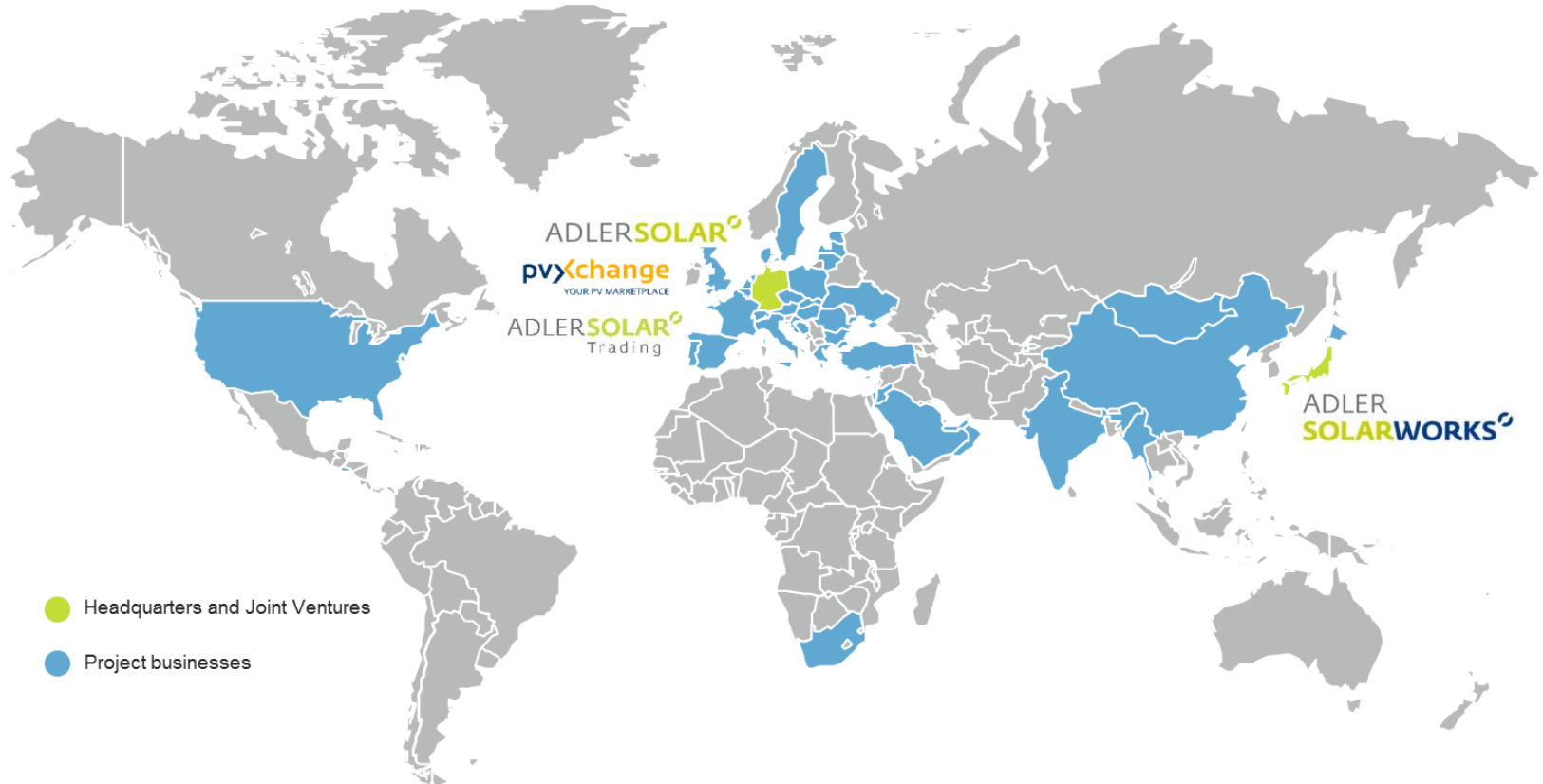


... for:

- Manufacturers, wholesales/owners and utilities
- Banks and funds, Insurance companies
- EPC companies / installers
- Plant managers / operators
- Engineering offices and PV experts

Creation of a diversified energy consulting group

- ADLER Solar has a strong market position servicing from Germany



Agenda



1. Highlights

David Wells
CEO



2. Financial review

Kim Boman
CFO

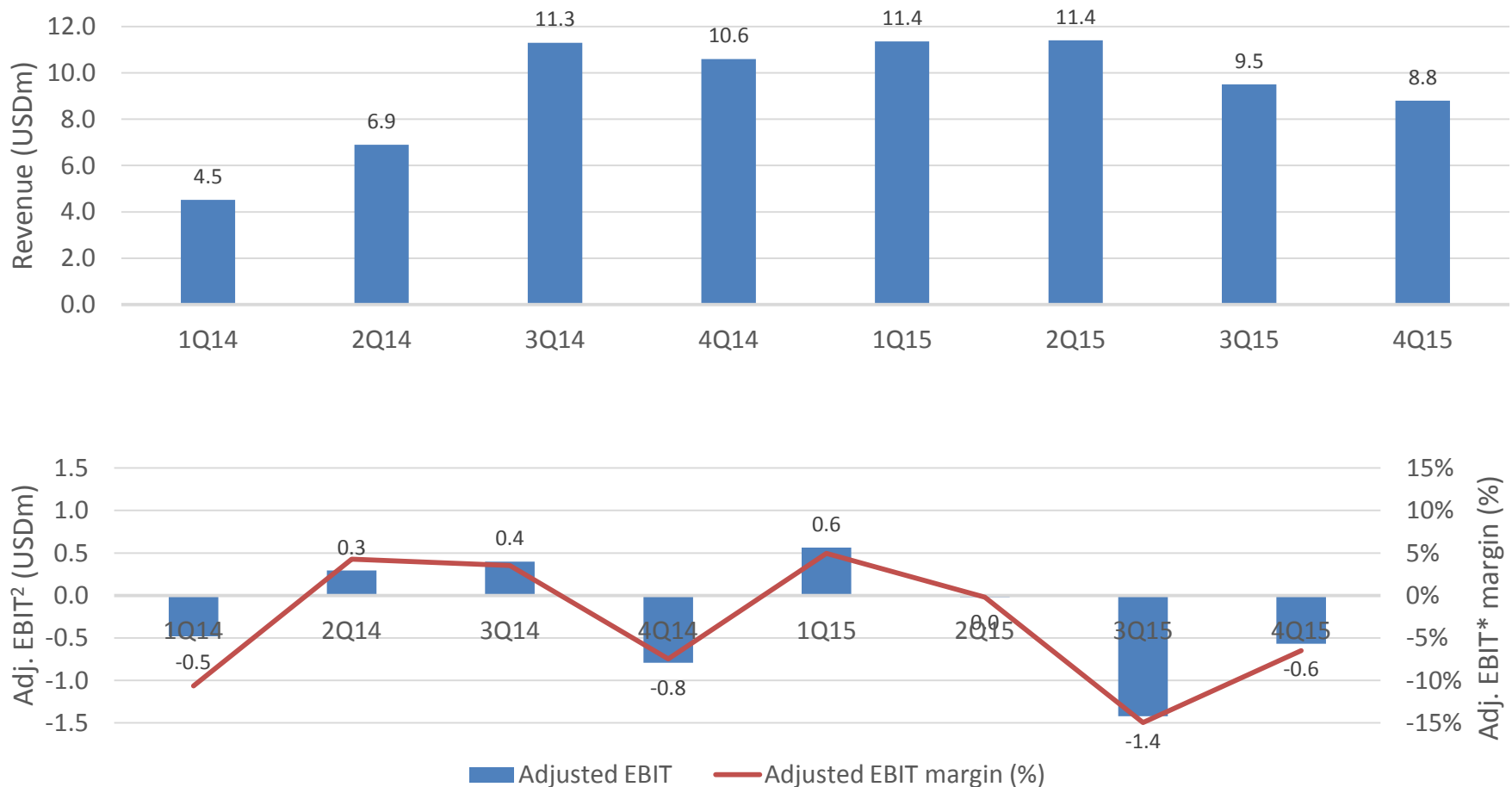


3. Outlook

David Wells
CEO



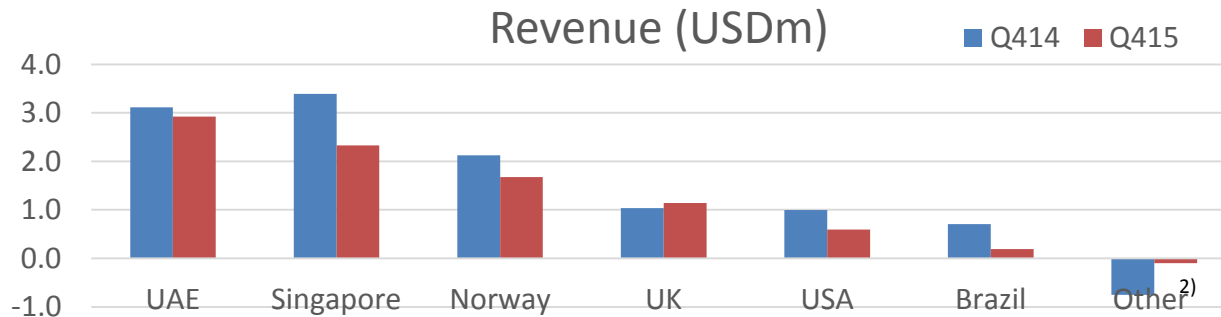
Revenue and adjusted EBIT trend



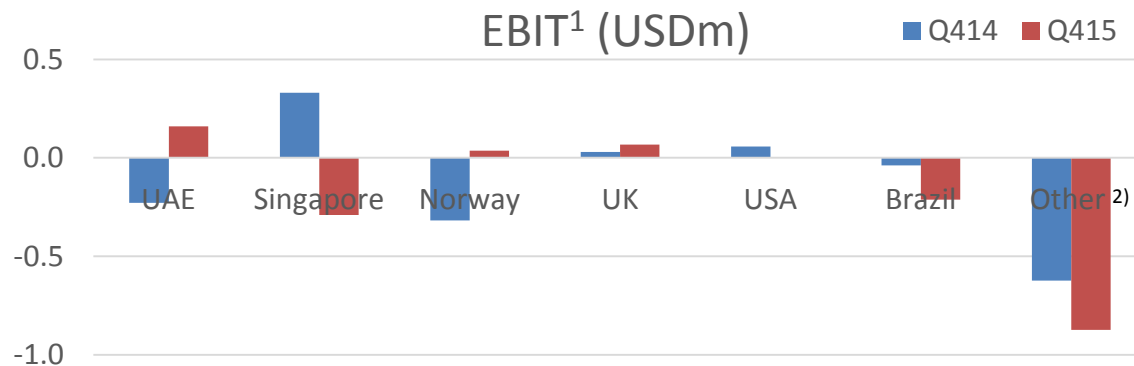
1) Tristein AS included from May 2014; OWC Ltd from July 2014

2) Adjusted EBIT figures exclude corporate restructuring and IPO costs in Q3 2014 and goodwill impairment in Q4 2015

Business geographical review



- Several entities impacted by lower activity level in the oil and gas market
- Regional differences y-o-y with UAE -6%, SGP -31%, Norway -21%, UK +10%, USA -40%, Brazil -73%,
- Singapore particularly impacted by early termination of some contracts



1) After allocation of group costs to entities. Corporate HQ costs not allocated to entities

2) Includes other entities in the group, share of net income from associates, eliminations and corporate HQ costs

3) Tristein AS included from May 2014; OWC Ltd from July 2014

Creation of a diversified energy consulting group

- ADLER Solar Financial summary

| EUR million | 2012 | 2013 | 2014 | 2015 |
|------------------|-------|--------|--------|--------|
| Revenue | 8.634 | 11.368 | 11.061 | 9.470 |
| EBITDA | 0.488 | 1.307 | 2.115 | -0.680 |
| Net profit | 0.240 | 0.298 | 1.231 | -1.205 |
| | | | | |
| No of employees* | 119 | 104 | 94 | 95 |

Figures for 2012 - 2014 (proforma). Figures have not been audited

Note:

1) Average number of employees for period 2012 – 2014. Year end figures for 2015

Income statement

| <i>Amounts in USD thousands</i> | Q415 | Q414 | FY2015 | FY2014* |
|-------------------------------------|---------------|---------------|---------------|----------------|
| Total operating income | 8 755 | 10 613 | 40 998 | 33 303 |
| Payroll and payroll related costs | 4 903 | 6 206 | 22 695 | 18 563 |
| Depreciation, amort. and impairment | 622 | 268 | 1 148 | 900 |
| Other operating costs | 4 144 | 4 880 | 19 007 | 15 788 |
| Total operating expenses | 9 669 | 11 354 | 42 850 | 35 251 |
| Share of net income from associates | -197 | 0 | -197 | 0 |
| Operating profit (EBIT) | -1 110 | -791 | -2 048 | -1 948 |
| Finance income | -2 | -13 | 92 | 120 |
| Finance costs | 52 | 82 | 45 | 205 |
| Net currency gains/losses | 738 | 2 124 | 1 355 | 1 994 |
| Profit before taxes | -426 | 1 238 | -647 | -39 |
| Taxes | 443 | -19 | 692 | 211 |
| Profit after taxes | -870 | 1 257 | -1 339 | -250 |
| Financial ratios | | | | |
| <i>Operating margin (EBIT), %</i> | <i>-12,7</i> | <i>-7,5</i> | <i>-5,0</i> | <i>-5,8</i> |
| <i>Profit after tax, %</i> | <i>-9,9</i> | <i>11,8</i> | <i>-3,3</i> | <i>-0,8</i> |

- Revenues down 18% y-o-y
- Adjusted operating loss of USD 0.6 million
- Q4 2015 results impacted by;
 - Reversal of bonus accruals of USD 1.0 million and bad debt provision of USD 0.3 million
 - Goodwill impairment of USD 0.5 million
 - Early termination of some contracts

* Due to change in accounting principles, travel costs are included both in revenues and other operating costs. There is no change in EBIT compared to actual period reported in 2014

Balance sheet

| <i>Amounts in USD thousands</i> | 31.12.2015 | 31.12.2014 |
|-------------------------------------|-------------------|-------------------|
| Equipment | 371 | 629 |
| Investment in associates | 3 283 | 0 |
| Intangible assets | 17 208 | 20 710 |
| Trade receivables | 7 667 | 5 229 |
| Other receivables | 2 890 | 2 990 |
| Cash and cash equivalents | 14 864 | 21 790 |
| Total assets | 46 282 | 51 348 |
| Total equity | 37 731 | 44 447 |
| Non current liabilities | 587 | 0 |
| Trade payables | 1 128 | 1 227 |
| Tax payable | 586 | 0 |
| Other current liabilities | 6 251 | 5 674 |
| Total equity and liabilities | 46 282 | 51 348 |
| <i>Financial ratios</i> | | |
| <i>Net debt, USD thousands</i> | <i>-14 864</i> | <i>-21 790</i> |
| <i>Equity/Assets ratio, %</i> | <i>82 %</i> | <i>87 %</i> |

- Strong financial position, cash of USD 14.9 million
- No interest bearing debt

Cash flow

| <i>Amounts in USD thousands</i> | Q415 | Q414 | FY2015 | FY2014 |
|--|---------------|---------------|---------------|---------------|
| Operating cashflow | -382 | 661 | -3 503 | 208 |
| Investing cash flow | -3 486 | -182 | -3 773 | 1 306 |
| Financing cash flow | 0 | 0 | 289 | 19 499 |
| Net change in cash and cash equivalents | -3 868 | 479 | -6 987 | 21 014 |
| Cash and cash equivalents beginning period | 18 611 | 21 365 | 21 790 | 838 |
| Net change in cash and cash equivalents | -3 868 | 479 | -6 987 | 21 014 |
| Net foreign exchange difference | 121 | -54 | 61 | -62 |
| Cash and cash equivalents end period | 14 864 | 21 790 | 14 864 | 21 790 |

- Net operating cash flow of negative USD 0.4 million
- Investing cash flow of USD 3.5 million related to the acquisition of ADLER Solar

Agenda



1. Operational highlights
David Wells
CEO



2. Financial highlights
Kim Boman
CFO



3. Outlook
David Wells
CEO



Outlook

- The overall oil and gas market for Aqualis is expected to be challenging
 - The negative sentiment appears to be escalating in some regions at the start of 2016
 - Outlook for the Americas and Europe is weak and we expect these regions to be challenging while the Middle East region is expected to remain active, especially within marine related business.
 - Oil service industry is becoming increasingly competitive
- The offshore wind market in Northern Europe is expected to remain active with a reasonable project pipeline
- Industry analysts expect global PV demand to grow from 54 GW in 2015 to 66 W in 2016. ADLER Solar, the market leader in its niche in the German PV market, is well positioned to capitalize on the growth of the solar industry
- Aqualis will continue to focus on further improving staff utilization, increasing efficiencies and aligning the cost base with the weakened market conditions
- Monitor possible structural/add-on opportunities to enhance shareholder value