



Aqualis ASA
2018 Q1 results
April 26, 2018

aqualis.no



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Agenda



1. Highlights

David Wells
CEO



2. Financial review

Kim Boman
CFO



3. Outlook

David Wells
CEO



Q1 2018 Highlights

- Positive operational performance

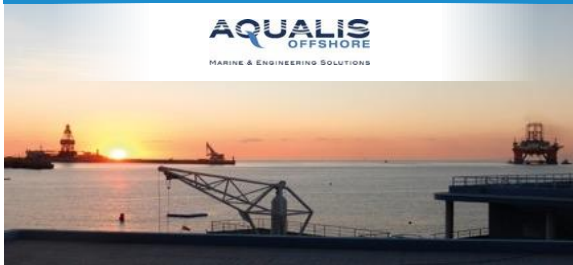
- Revenues of USD 8.2 million in Q1 2018 vs USD 7.6 million in Q1 2017
- Adjusted EBIT of USD 0.2 million in Q1 2018 vs USD 0.5 million in Q1 2017
- Operating profit (EBIT) of USD 0.2 million in Q1 2018 vs USD 0.2 million in Q1 2017
- Positive group development continues, but EBIT impacted by significant losses in Norway and end of several long term projects during Q4 2017
- Good billing ratio¹ of 81 % in Q1 2018.
- Continued solid HSE performance and no lost time incidents (LTIs) during the quarter
- Robust financial position with cash balance of USD 9.8 million
- The oil & gas market remains challenging, but with increasing signs of recovery
- Activity in offshore wind market remains high and expansion opportunities followed up
- Order backlog decreased to USD 7.2 million with increasing pipeline of opportunities

(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

Solar¹



- Strong position in Germany
- 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

Bahrain LNG Terminal – Platform Transportation & Installation

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

An offshore LNG terminal with an FSU is being 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

Bahrain LNG Terminal Project

Aqualis SOW:

- All Engineering related to the loadouts, transportation and float off operation for jacket and topside installations, including marine procedures
- Site supervision during loadout and installation

Jacket Weight (NTE) = 2,022 MT

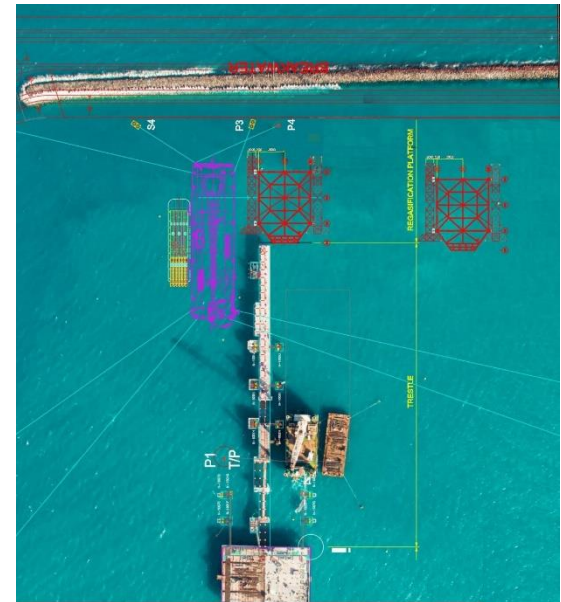
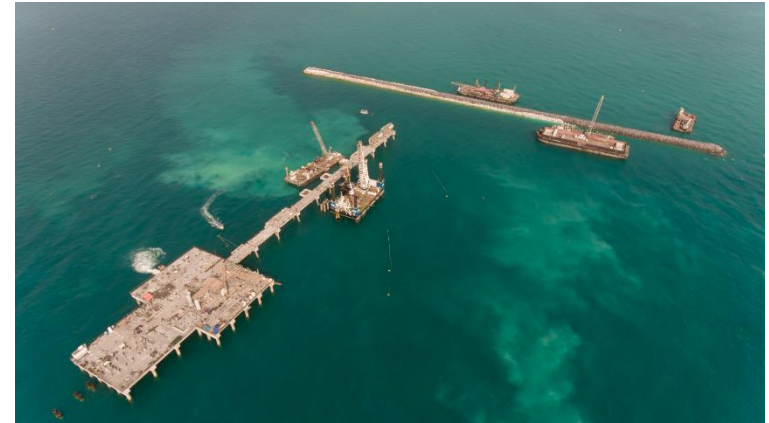
Topside Weight (NTE) = 7,200 MT

- Jacket was loaded out with separate pile carrying barge onto CCCC's HLV "Wish Way"
- Jacket already offloaded in Bahrain



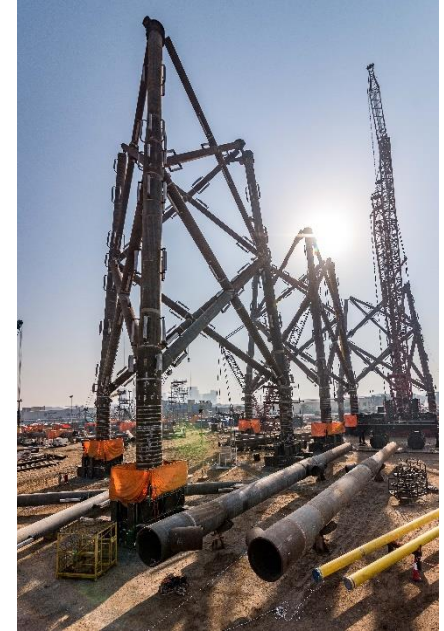
Bahrain LNG Terminal Project

- Being installed at the Bahrain LNG terminal in 18m water depth. Buoyancy tanks are being used to float off rather than conventional crane lift
- Float-off offshore with appropriate water depth
- Jacket will be wet towed to installation site with some main piles pre-installed into jacket legs
- Buoyancy tanks ballasted for set down
- Main piles installed
- Buoyancy tanks released from pin connections
- Buoyancy tanks de-ballasted for re-floating and removal



OWC - East Anglia ONE Offshore Wind Farm

- East Anglia One offshore wind farm is a 102 x 7 MW Offshore Wind Farm of 714 MW in the UK.
- It is being developed by Scottish Power Renewables (Iberdrola)
- OWC won the following roles on the project in Q1 2018:
 - Coating & welding inspection for the Lamprell jackets being finished in Belfast
 - Construction Manager for the HDD (horizontal drilling) work on the onshore cable route
 - Environmental Advisor for the onshore cable route and onshore substation
 - Site Administration for the onshore cable route
 - Risk & Change Engineer
 - Export Cable Installation Client Representative



Wet and Dry Transportations

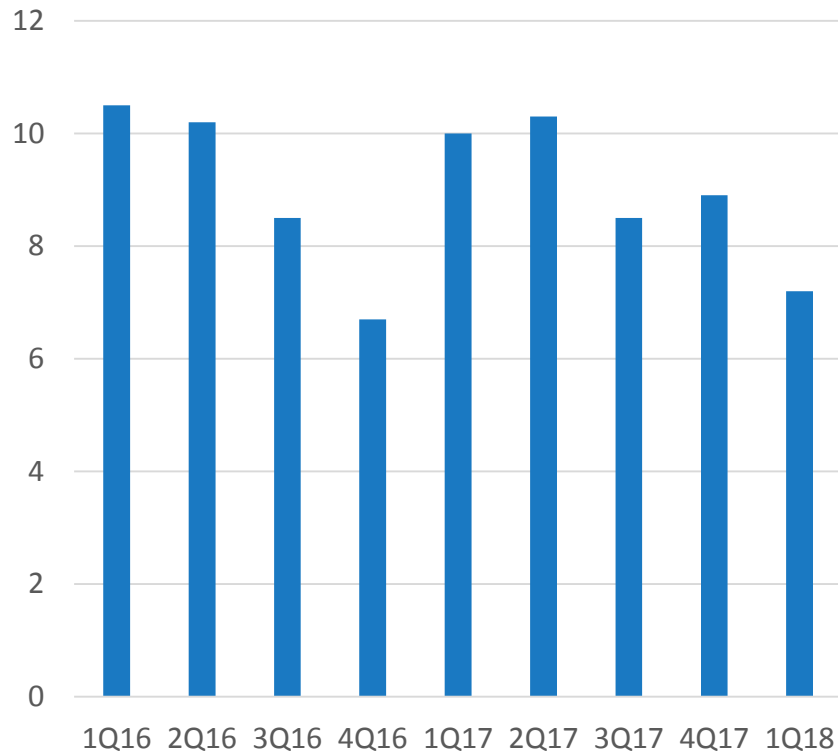


Wet and Dry Transportations



Order backlog development

Order backlog (USDm)

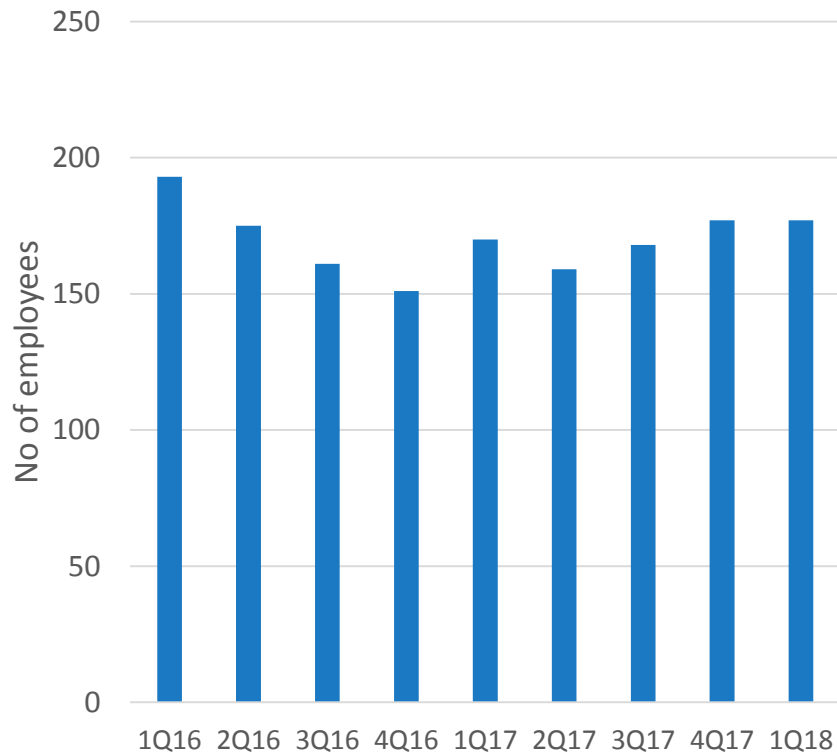


Highlights Q1 2018

- 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 development¹



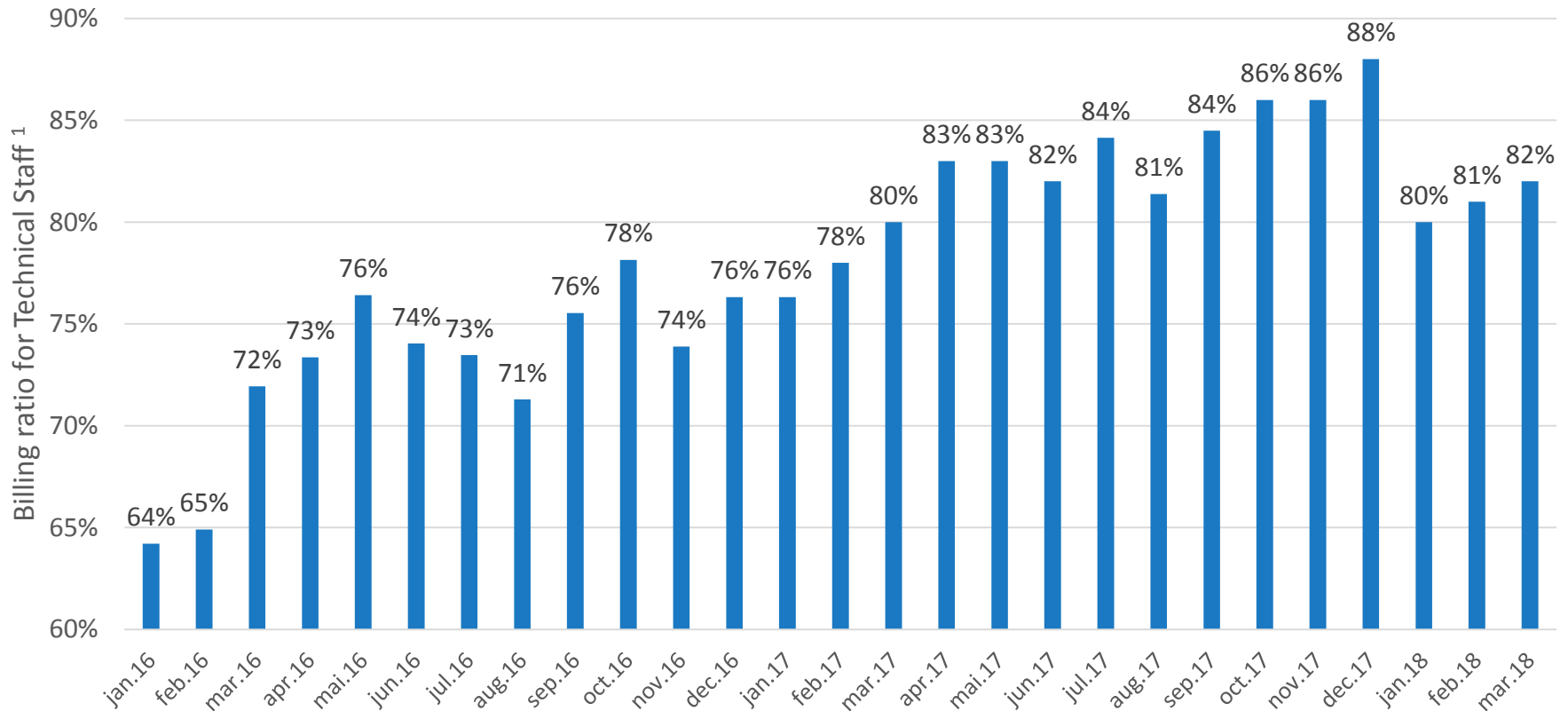
(1) Full time equivalent. Numbers include subcontractors on 100% utilization equivalent basis and excludes Adler Solar and staff made temporary redundant

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

Strong performance with high billing ratio in Q1 2018

- 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.

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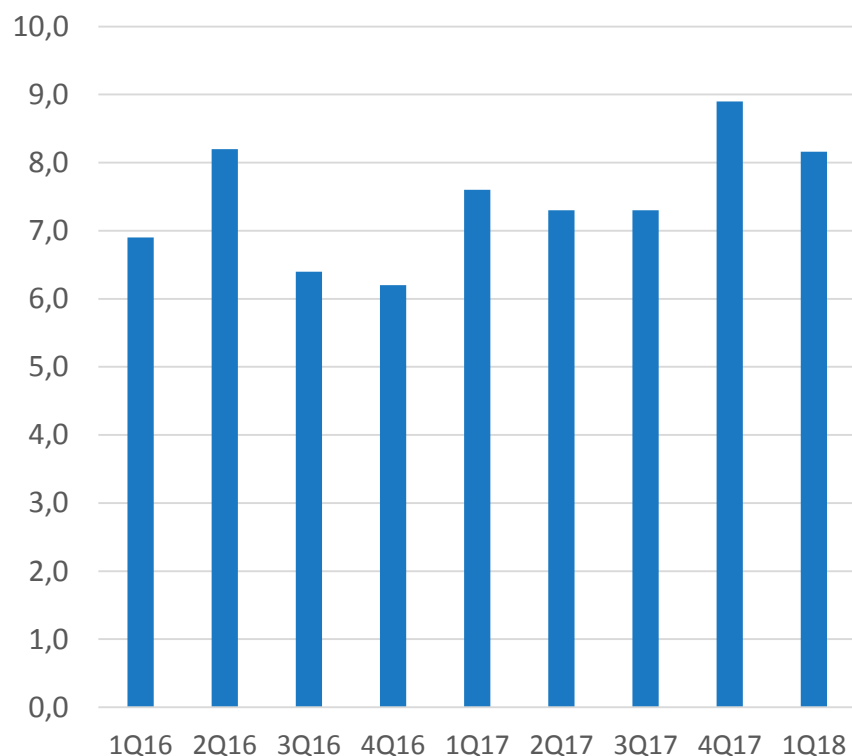
3. Outlook

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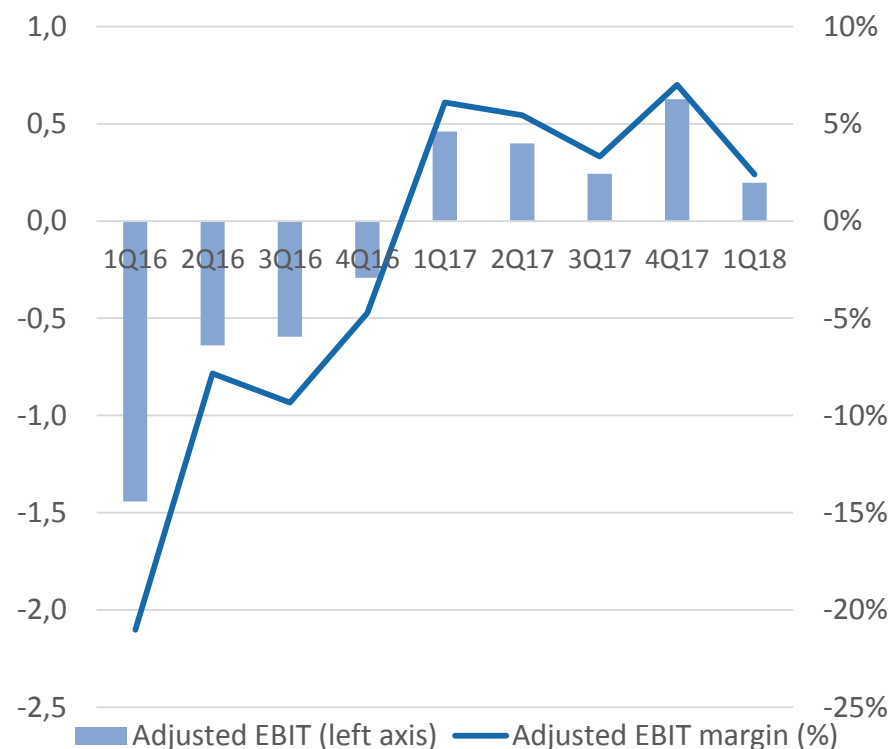


Revenue and adjusted EBIT trend

Revenue development (USDm)



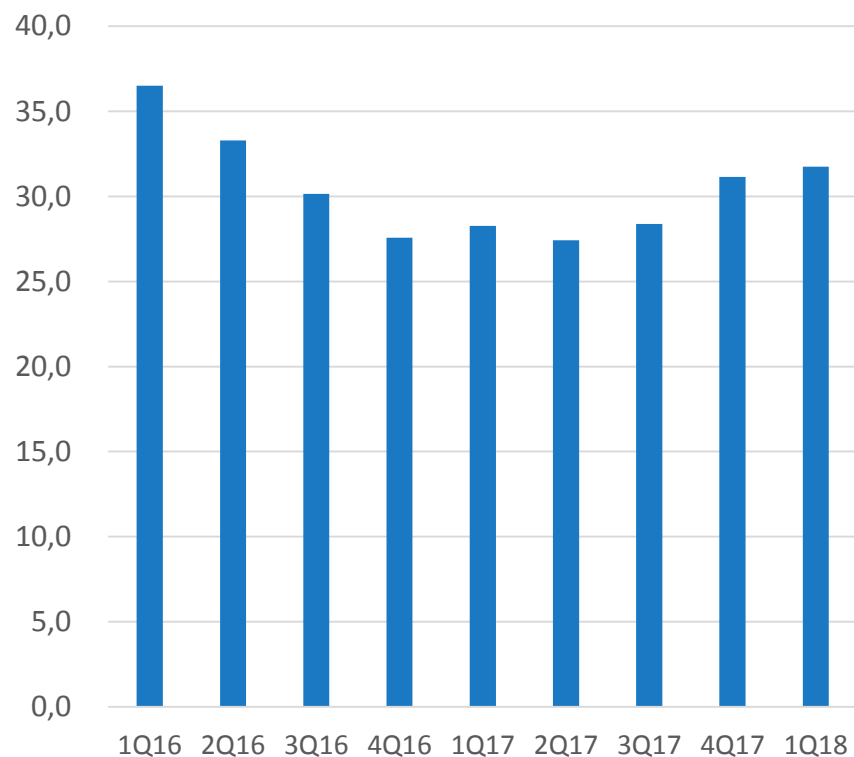
Adjusted EBIT development¹ (USDm, %)



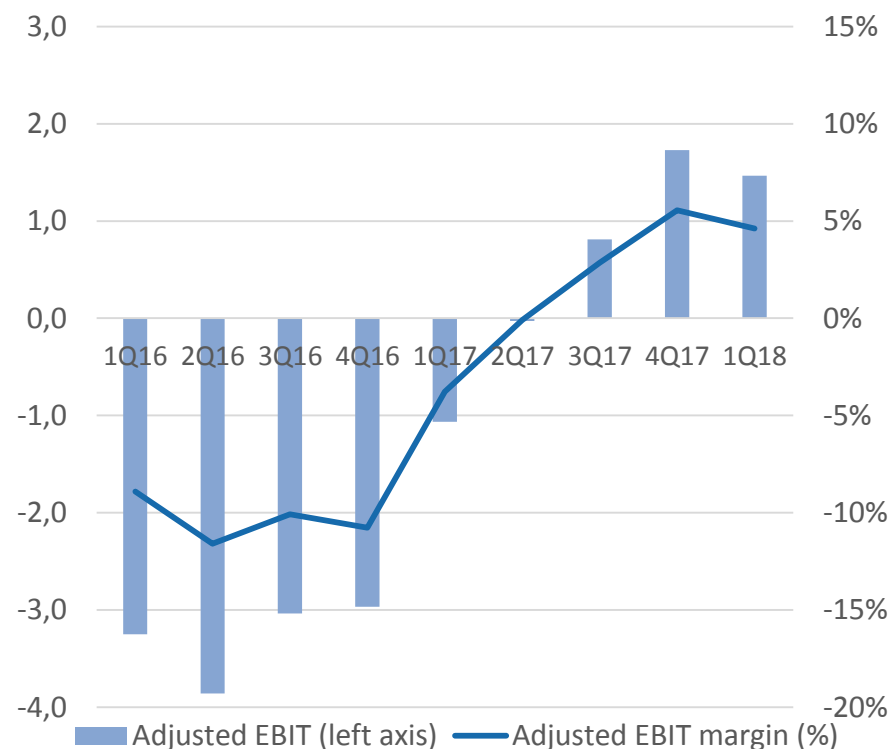
(1) Adjusted EBIT: Earnings before interest and taxes adjusted for goodwill impairments, share of net profit / (loss) from associates and impairment of loan to and investment in associates

Revenues and adjusted EBIT trend last 12 months («LTM»)

Revenue LTM (USDm)



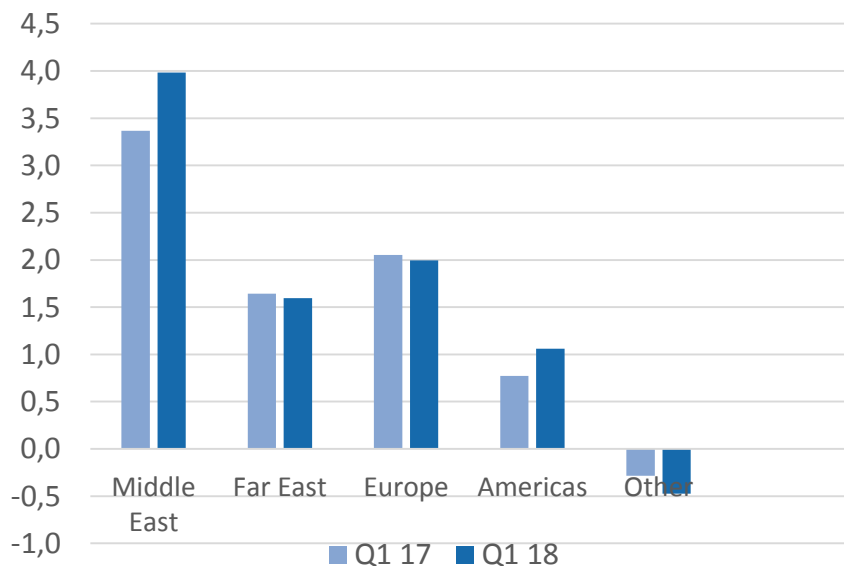
Adjusted EBIT¹ LTM (USDm, %)



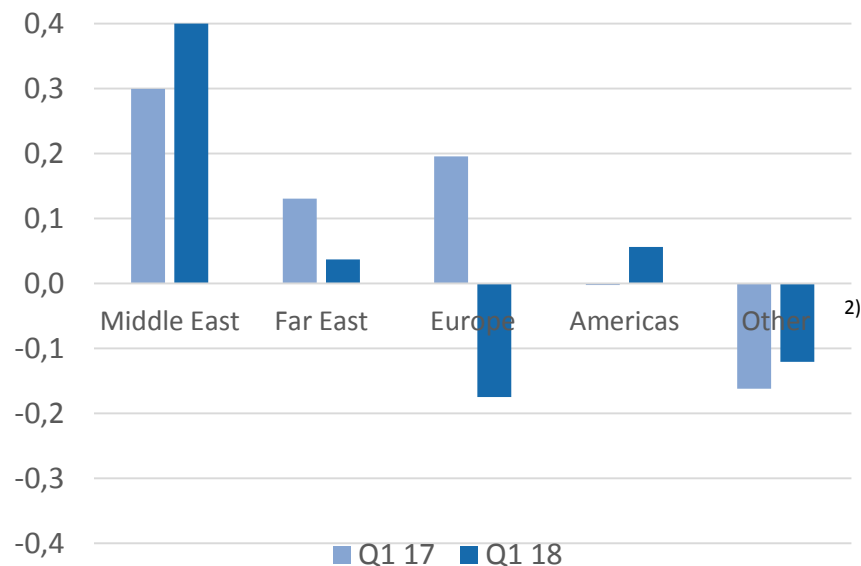
(1) Adjusted EBIT: Earnings before interest and taxes adjusted for goodwill impairments, share of net profit / (loss) from associates and impairment of loan to and investment in associates

Geographical split

Revenue split (USDm)



Adjusted EBIT¹ 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

Income Statement

<i>Amounts in USD thousands</i>	Q1 2018	Q1 2017	FY 2017
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)
Total operating expenses	(7,961)	(7,091)	(33,336)
Impairment of investment in associates	-	-	(2,919)
Share of net income from associates	-	(240)	(507)
Operating profit (loss) (EBIT)	197	220	(5,628)
Finance income	25	19	71
Finance expenses	(6)	-	-
Net foreign exchange gain (loss)	(399)	(120)	(776)
Profit (loss) before taxes	(182)	120	(6,333)
Income tax income (expenses)	(66)	(20)	(144)
Profit (loss) after taxes	(247)	100	(6,477)
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>	31.03.2018	31.12.2017
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
Total assets	34,563	33,920
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
Total equity and liabilities	34,563	33,920
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

Cash Flow

<i>Amounts in USD thousands</i>	Q1 2018	Q1 2017	FY 2017
Operating cashflow	(16)	(325)	(263)
Investing cash flow	(4)	13	(38)
Financing cash flow	-	-	-
Net change in cash and cash equivalents	(20)	(312)	(301)
Cash and cash equivalents beginning period	9,709	9,910	9,910
Net change in cash and cash equivalents	(20)	(312)	(301)
Net foreign exchange difference	89	17	100
Cash and cash equivalents end period	9,778	9,615	9,709

- Net operating cash flow of USD 0.0 million

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Outlook

- Sentiment is increasingly positive in the oil and gas market, but market conditions remain challenging in particular in Europe and the Americas. The market in Middle East is strong and opportunities in the Far East are increasing
- Rates are still under severe pressure, but expected to flatten out through 2018 with increases in selected regions. It is becoming more challenging to recruit seasoned marine consultants
- Aqualis aims to continue to gain market share and develop new business lines
- Though visibility is still short term, pipeline of opportunities has increased
- OWC is strengthened its market position and has a strong outlook for 2H 2018. OWC is expanding growth opportunities in emerging offshore wind market and widening its service portfolio to clients, including innovating within existing services
- The financial situation and outlook for ADLER remains challenging
- Consolidation is needed in the marine and engineering industry, including consultancy, to mitigate oversupply, rationalize global operations and achieve better economies of scale

Appendix



Top 20 shareholders

Name		Shares	%	
1	GROSS MANAGEMENT AS	7 367 996	17,4	
2	TIGERSTADEN AS	1 862 033	4,4	
3	MP PENSJON PK	1 527 228	3,6	
4	Carnegie Investment	NOM	1 468 886	3,5
5	DnB NOR MARKETS, AKS DNB Bank ASA	1 350 000	3,2	
6	AGITO HOLDING AS	1 350 000	3,2	
7	Nordnet Bank AB	NOM	1 168 873	2,8
8	Saxo Bank A/S	NOM	1 046 384	2,5
9	LGT Bank AG	NOM	1 016 830	2,4
10	DIAB BADREDDIN	1 001 302	2,4	
11	OMA INVEST AS	900 000	2,1	
12	LENOX PHILIP ALAN	830 583	2,0	
13	GISLERØD MAGNE	800 000	1,9	
14	JPMorgan Chase Bank, NORDEA TREATY	NOM	750 000	1,8
15	TIGERSTADEN INVEST A c/o Per Espen	750 000	1,8	
16	Danske Bank A/S 3887 OPERATIONS SEC.	NOM	749 604	1,8
17	SIX SIS AG 25PCT ACCOUNT	NOM	623 786	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	
Top 20 shareholders		26 228 889	62,0	

Source: VPS, 24.04.2018

Global footprint – active in all major oil and gas regions

Corporate HQ: London

Operating in 19 offices in 14 countries

Approximately: 177 FTEs¹

Traded on Oslo Stock Exchange

No interest bearing debt

ISO 9001 & OHSAS 18001 Certified



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

1) Per 31 March 2018. Including FTE subcontractors but excluding ADLER Solar.

Alternative Performance Measures

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

