

Aqualis ASA

THIRD QUARTER RESULTS 2015

Oslo, 27 October 2015

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Agenda



1. Operational highlights

David Wells
CEO



2. Financial highlights

Christian Opsahl
CFO



3. Outlook

David Wells
CEO



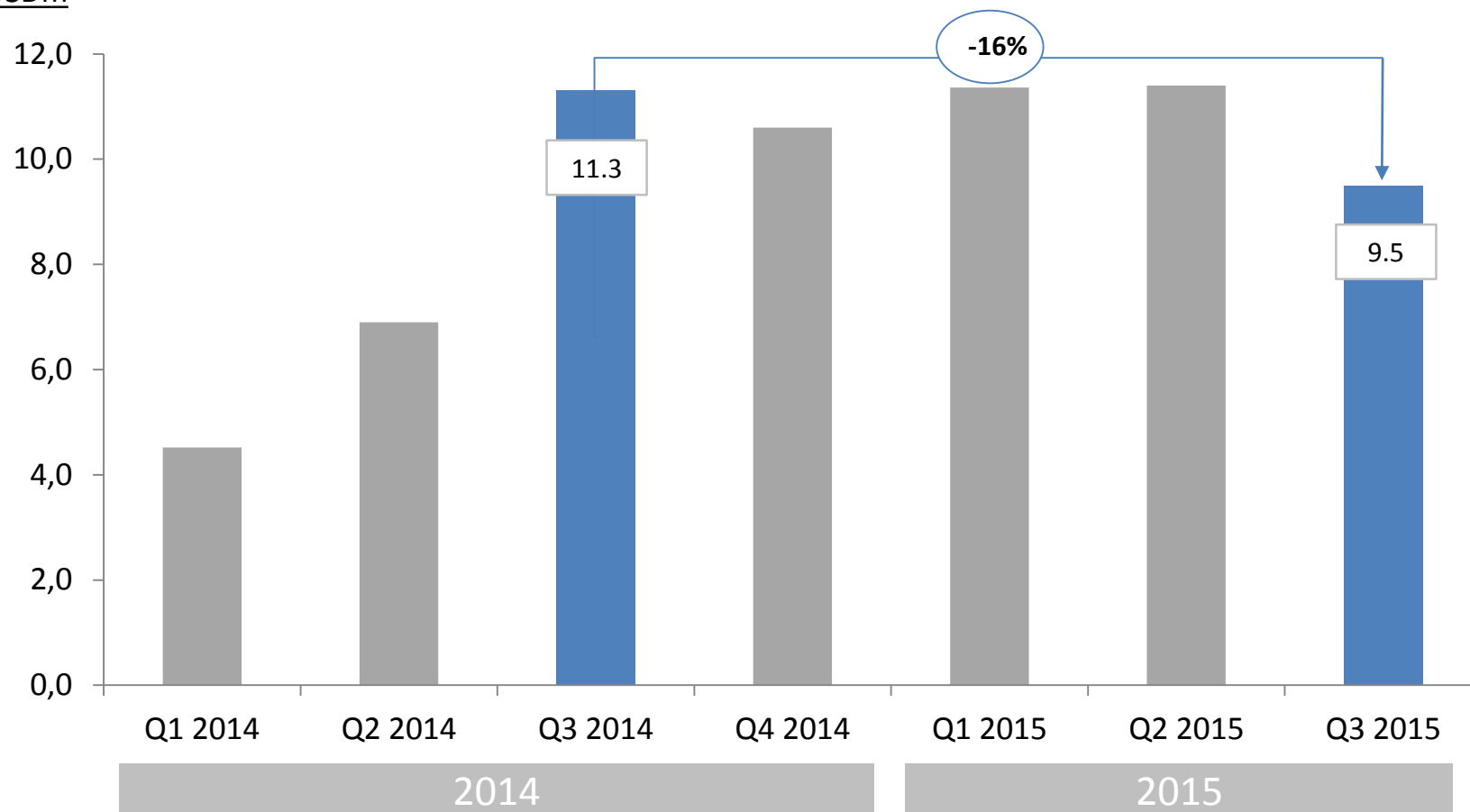
Q3 2015 – operational highlights

- Signed MoU to acquire a 49.9 percent stake in Adler Solar – a Germany-based company specialising in the provision of engineering consultancy and testing services for all lifecycle phases of PV plants and PV modules. Transaction expected to be closed in Q4 2015
- Continued investment in business growth:
 - Three new offices opened in Q3: Germany, Malaysia and South Korea
 - Most of costs associated with new offices and growth of workforce are expensed and not capitalized
- Several new contracts signed in Q3
 - Successful strategic change towards supporting clients with day to day offshore operations, as new investment related opportunities weaken
- As guided in Q2, Middle East operation affected by slowdown due to monsoon season
- Steady inflow of short term engineering and marine operational work in Europe
- Healthy offshore wind market despite withdrawal of government subsidies
- Capacity reduction in Rio de Janeiro office as consequence of weak Brazil market
- Continued solid HSE performance: no lost time incidents (LTIs) during the quarter

* Includes contractors on 100% utilization equivalent basis

Revenues

USDm

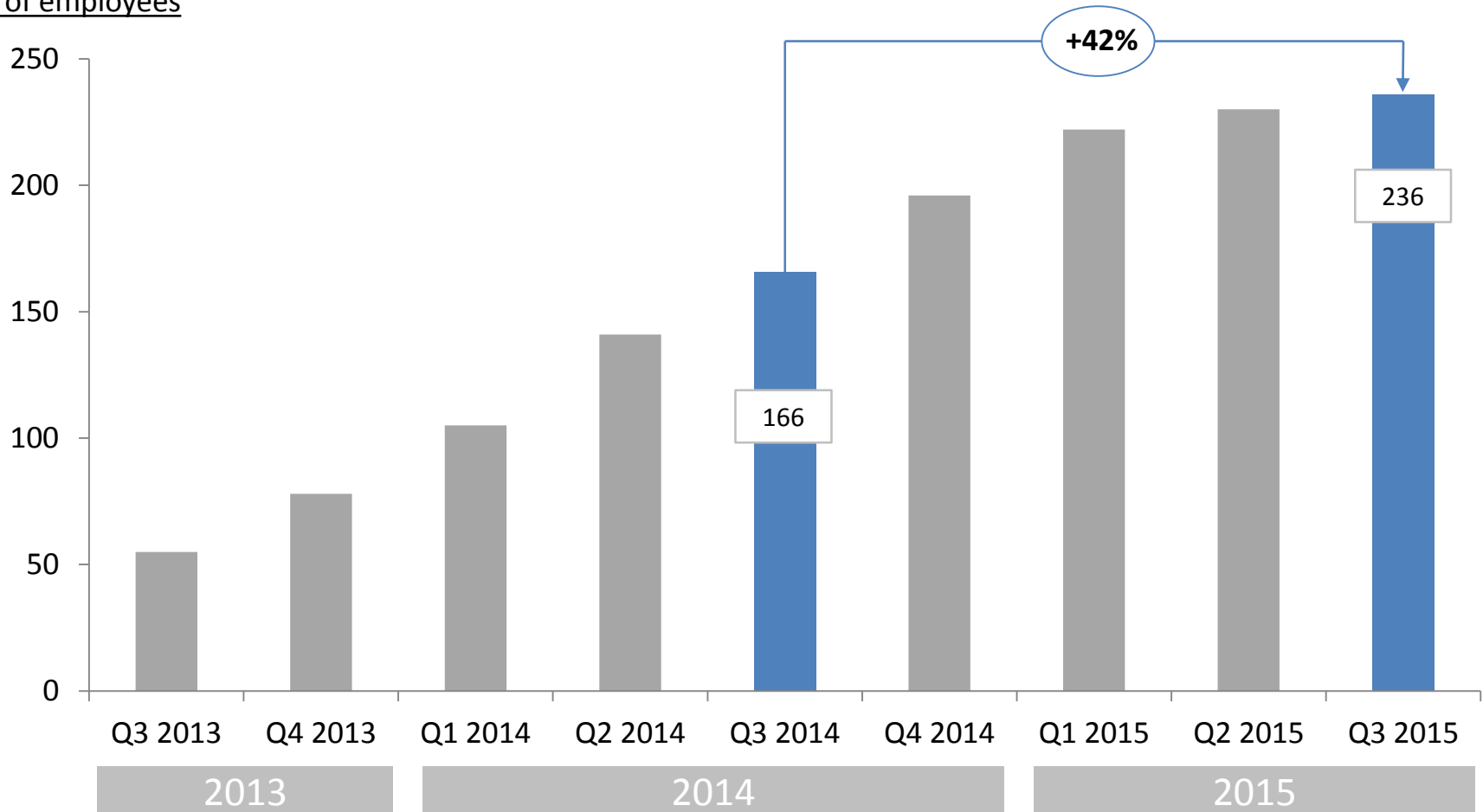


Notes:

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

Recruitment – quarterly development

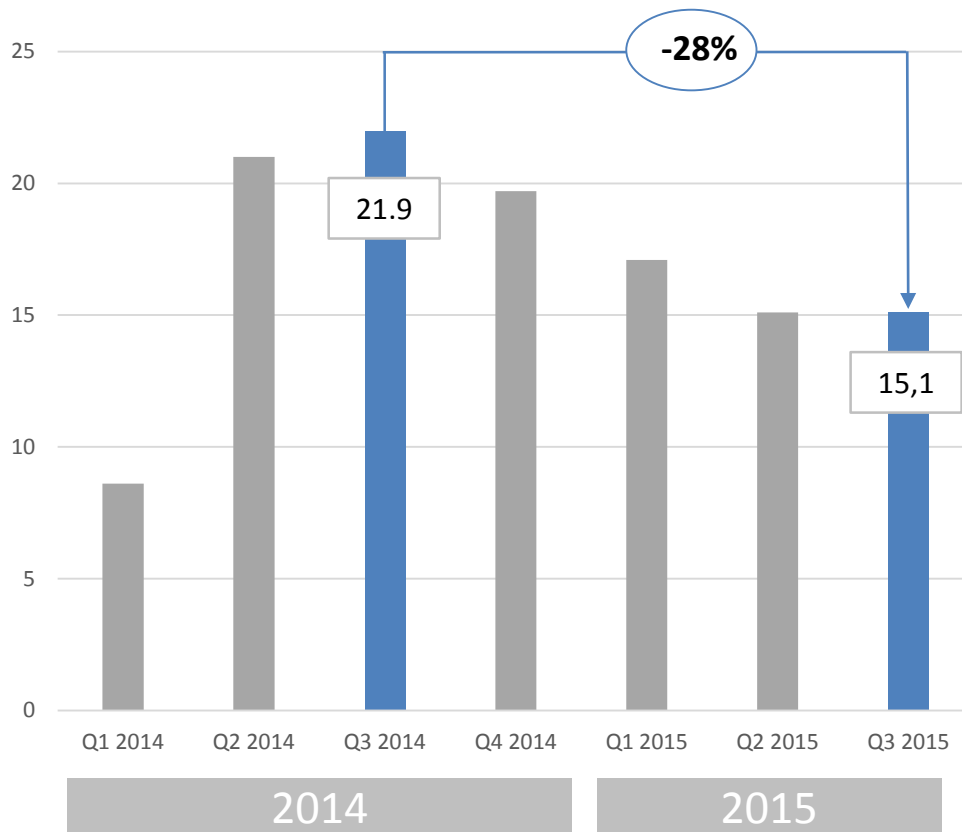
of employees



Notes:

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

Order backlog

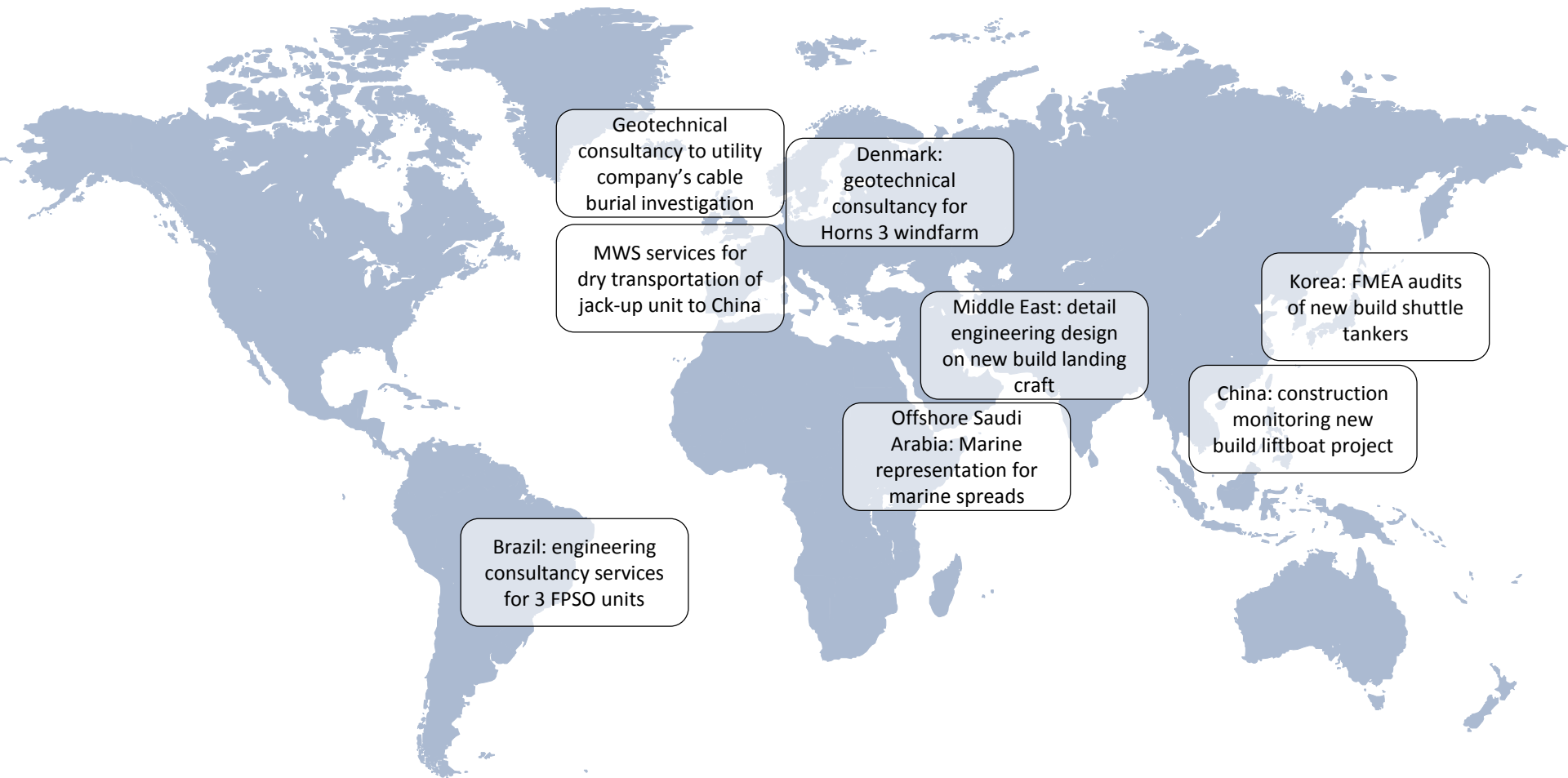


- Backlog level maintained from end of Q2 2015
- Backlog affected by re-focused strategy of supporting clients on day-to-day service operations which are typically call-out contracts that do not get included in backlog figures
- Pipeline of work expected from call out contracts continues to look solid

Notes:

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

Q3 2015 – main new contract wins



Global presence – 19 offices in 14 countries



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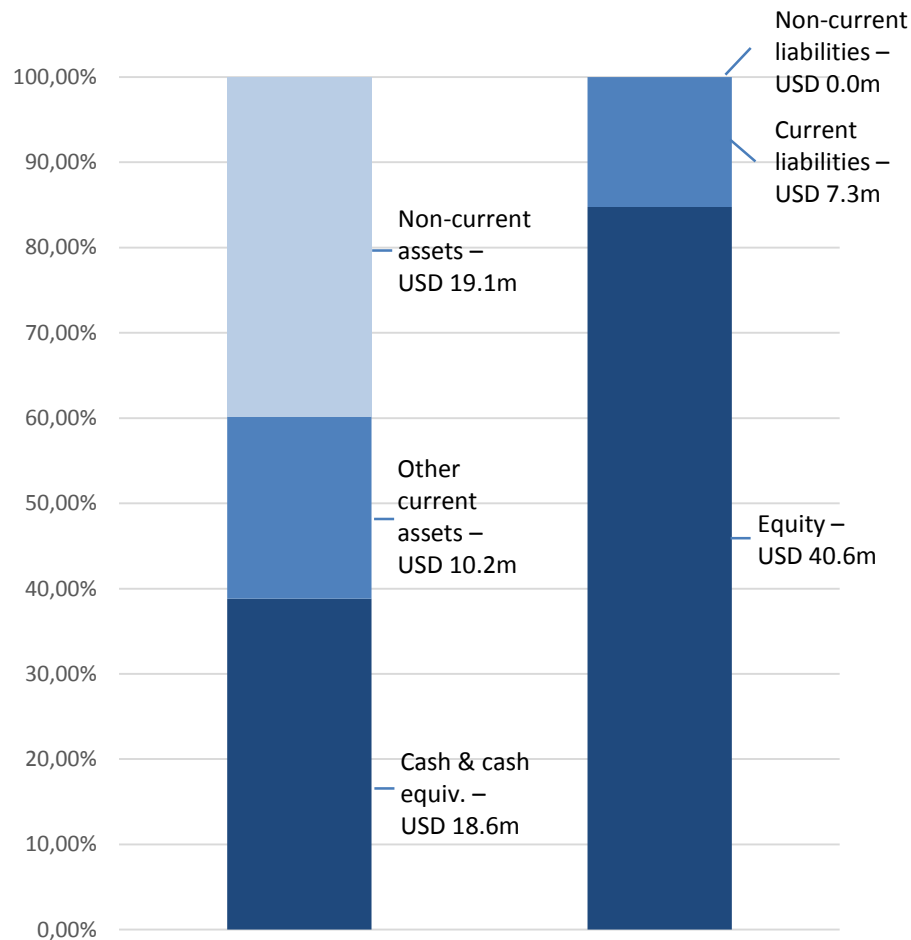
Q3 2015 – key figures

(USD '000)	2015 Q3	2014 Q3	2015 YTD	2014 FY*
Total revenues and other income	9,5	11,3	32,2	33,3
Operating profit (EBIT)	-1,4	-1,0	-0,9	-1,9
Operating profit (EBIT) adjusted**	-1,4	-1,0	-0,9	-0,7
Profit after taxes	-1,5	-1,2	-0,5	-0,3
Profit after taxes adjusted**	-1,5	-1,2	-0,5	1,1
Cash & cash equivalents	18,6	21,4	18,6	21,8
Number of outstanding shares (thousands)	43 506	43 191	43 191	43 191

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

** adjusted by one-off costs in Aqualis ASA of 1.4m in third quarter 2014, relating to corporate restructuring and listing

Financial position (30.09.15)



- Solid financial position
- No interest-bearing debt
- 85% equity ratio
- Strong liquidity position:
 - USD 18.6m in cash and cash equivalents

Q3 2015 – cash flow

USDm	Q3 2015	Q3 2014
Operating cash flow	-2.0	-1.1
Investing cash flow	-0.1	-0.3
Financing cash flow	0.3	19.3
Cash beg. of period	20.4	3.4
Net FX difference	0.1	0.0
Change in cash & cash equiv.	-1.8	18
Cash end of period	18.6	21.4

- Negative operating cash flow of approximately USD 2 million for Q3 2015
- Financing cash flow of USD 0.3 million relates to proceeds from shares issued in connection with the employee share scheme
- Net positive cash flow in Q3 2014 related to proceeds from share issue and contribution in kind

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Outlook

Market

- Good activity level for service operations on existing oil and gas assets
- Market for new large engineering opportunities remains very weak
- Middle East oil and gas markets expected to remain buoyant, especially marine related
- Plenty of oil and gas prospects in Asia Pacific
- Brazil to remain weak, and North America increasingly so
- Good opportunities within offshore wind, despite withdrawal of government subsidies
- Continued strong rig moving market
- Pipeline of work from Aqualis' call-out contracts continues to look solid

Micro

- Continue to grow focus on day-to-day offshore operations of oil and gas assets as new investment related opportunities weaken
- Plenty of available quality staff in the market – expansion of workforce to remain selective
- Consolidation of recent fast-paced footprint growth and focus on developing opportunities within those countries
- Close Adler Solar transaction in Q4
- Achieve original strategy of operating as “energy consultants” across three main sectors:
 - Oil and gas (Aqualis Offshore)
 - Offshore renewables (Offshore Wind Consultants)
 - Solar industry (Adler Solar)
- Evaluating several M&A opportunities



Summary

- Sound operational performance in Q3, but results negatively impacted by certain weak oil and gas markets and segments
- Maintained healthy backlog level and strong financial position
- Three new offices opened in Q3
- Signed MoU to acquire 49.9% stake in Adler Solar
- Maintain successful strategy of supporting clients on day-to-day offshore operations, with focus on operations and niche engineering including upgrades, modification and conversion of existing assets
- Healthy offshore wind market
- Keeping a close eye on cost base – adapting to changed market conditions

Aqualis ASA

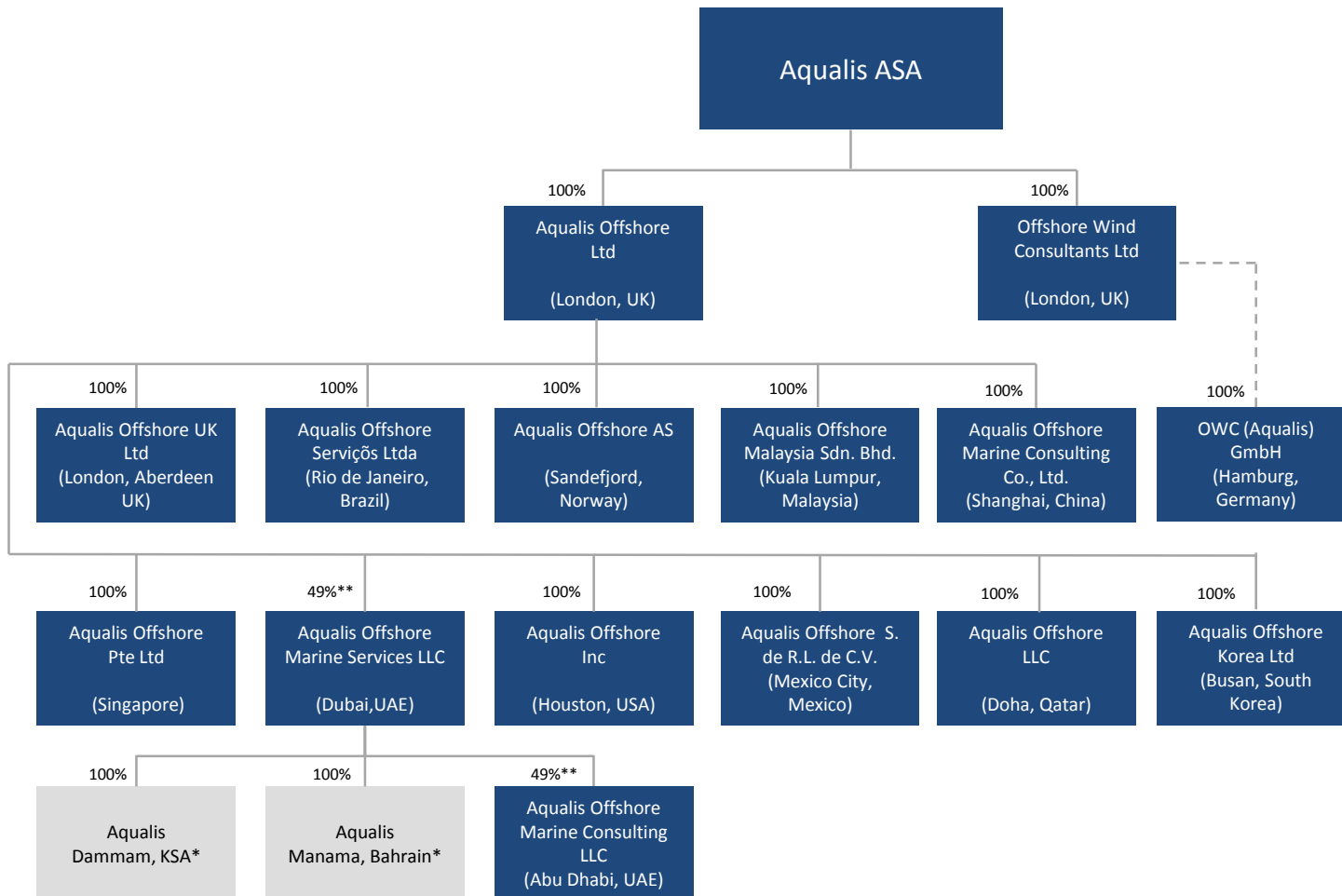
APPENDIX

Marine & engineering consultancy services



* Tristein AS merged with Aqualis Offshore AS, effective date 1 Jan 2015

Corporate structure

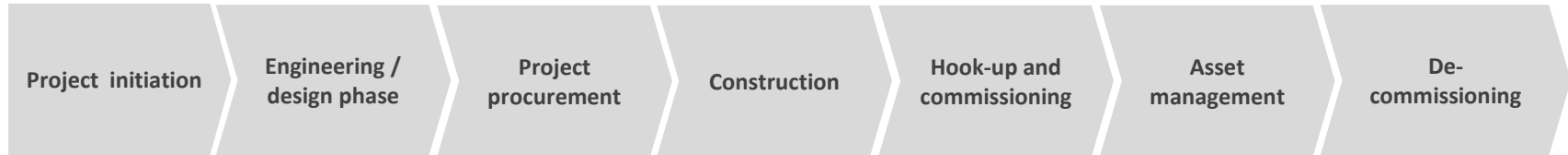


* In KSA / Bahrain, Aqualis operates through agency agreement with AET

**The company is 100% controlled by Aqualis Offshore

Complete life cycle involvement with 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, 3rd parties
New-builds + conversions & upgrades
Due diligence / compliancy; financial community focus

Marine operations:

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

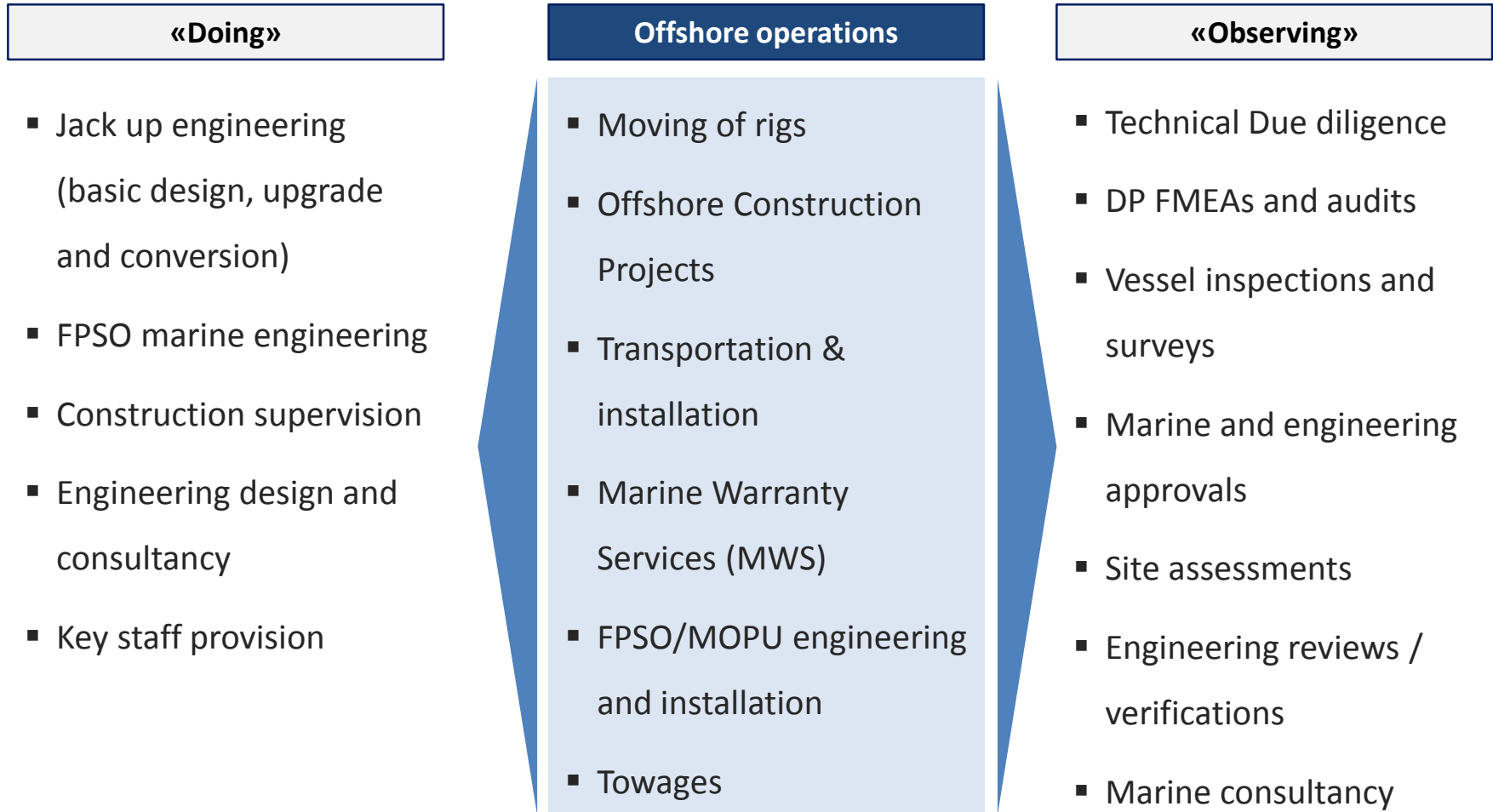
Inspection & approvals:

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



Aqualis' key competencies are conjointly exposed to both offshore opex and capex cycles

Offshore operations are key for all business lines



Selected clients

NOCs / IOC:



Offshore cont. / shipyards:



Rig / vessel owners:



Underwriters / financial inst.:



Selected clients

- Vattenfall
- East Anglia Offshore Wind
- Gwynt y Mor Offshore Wind Limited
- RWE Innogy GmbH
- Galloper Offshore Wind Limited
- Trianel GmbH
- Dong Energy
- Mainstream Renewable Power Limited
- Navitus Bay Offshore Park
- Iberdrola Renewables
- ScottishPower
- SNC Lavalin Capital



Top 20 shareholders (30.09.15)

NAME	COUNTRY	# OF SHARES	% HELD
STRATA MARINE & OFFSHORE AS	NORWAY	5450973	12,53 %
GROSS MANAGEMENT AS	NORWAY	5281109	12,14 %
AQUALIS HOLDCO LIMITED	UK	2187500	5,03 %
PERSHING LLC	USA	2082491	4,79 %
ARCTIC FUNDS PLC	BELGIUM	1461830	3,36 %
QVT FUND V LP	BELGIUM	1190105	2,74 %
BINKLEY CAPITAL AS	NORWAY	1133664	2,61 %
AGITO HOLDING AS	NORWAY	900000	2,07 %
FERNCLIFF LISTED DAI AS	NORWAY	843310	1,94 %
PHILIP ALAN LENOX	SINGAPORE	830583	1,91 %
T10 INVEST AS	NORWAY	825856	1,90 %
BADREDDIN DIAB	USA	814648	1,87 %
SAXO BANK A/S	DENMARK	732812	1,68 %
VERDIPAPIRFONDET DNB SMB	NORWAY	700000	1,61 %
SIX SIS AG	SWITZERLAND	642087	1,48 %
ALSTO CONSULTANCY LTD	SEYCHELLES	598122	1,37 %
IAN DENNIS BONNON	UK	555074	1,28 %
OFFSHORE & MARINE CONSULTING AS	NORWAY	525000	1,21 %
ANDREAS THEOFANATOS	BRAZIL	512188	1,18 %
AMAN MARINE LIMITED	UNITED ARAB EMIRATES	492187	1,13 %
		27759539	63,81 %

Ferncliff and associated companies + Gross: approx. 27%

Management and employees: approx. 24%

Consolidated statement of comprehensive income

(USD '000)	Note	2015 Q3	2014 Q3	2015 YTD	2014* FY
Operating revenues	7	9 511	11 253	32 243	33 303
Other income		-	-	-	-
Total revenues and other income		9 511	11 253	32 243	33 303
Payroll and payroll related costs	6	5 840	5 437	17 641	18 563
Depreciation, amortisation and impairment		129	223	526	900
Other operating costs		4 964	6 563	14 995	15 788
Total operating expenses	7	10 933	12 223	33 162	35 251
Operating profit (EBIT)		-1 422	-970	-918	-1 948
Finance income		56	52	94	120
Finance costs		2	123	12	205
Net currency exchange gain/-loss	4	-23	-59	617	1 994
Profit before taxes		-1 391	-1 100	-219	-39
Taxes		71	87	250	211
Profit after taxes		-1 462	-1 187	-469	-250
Other comprehensive income					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Currency translation differences		-3 026	-1 246	-6 041	-8 834
Income tax effect		-	-	-	-
Total comprehensive income for the period		-4 488	-2 433	-6 510	-9 084
Total comprehensive income for the year, net of tax attributable to:					
Equity holders of the parent company		-4 488	-2 433	-6 510	-9 084
Non-controlling interests		-	-	-	-
Total		-4 488	-2 433	-6 510	-9 084
Earnings per share (USD): basic and diluted		-0,03	n/a	-0,01	-0,01

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

Consolidated statement of financial position

(USD '000)	Note	30.09.2015	31.12.2014
ASSETS			
Non-current assets			
Equipment		443	629
Intangible assets	13	18 687	20 710
Total non-current assets		19 130	21 339
Current assets			
Trade receivables		6 349	5 229
Other receivables		3 811	2 990
Cash & cash equivalents	4	18 611	21 790
Total current assets		28 771	30 009
Total assets		47 901	51 348
EQUITY AND LIABILITIES			
Equity			
Share capital	5	705	702
Share premium		47 344	47 058
Other paid in capital		393	178
Retained earnings		-7 851	-3 491
Total equity		40 591	44 447
Non-current liabilities			
Other long-term liabilities		-	-
Total non-current liabilities		-	-
Current liabilities			
Trade payables		402	1 227
Other current liabilities		6 908	5 674
Total current liabilities		7 310	
Total liabilities		7 309	6 901
Total equity and liabilities		47 901	51 348

Consolidated cash flow statement

(USD '000)	Note	2015 Q3	2014 Q3	2015 YTD	2014 FY
Cash flow from operating activities					
Profit before taxes		-1 391	-1 100	-219	-39
Non-cash adjustment to reconcile profit before taxes to cash flow:					
Estimated value of employee share options		40	105	215	178
Depreciation, amortisation and impairment		129	223	526	900
Changes in working capital:					
Changes in trade receivables and trade creditors		621	-739	-1 945	-2 497
Changes in deferred income					
Changes in other accruals		-	492	413	1 570
Effects related to acquisition of subsidiaries		-	-	-	2 147
Effects related to currency unrealized		-1 443	-38	-2 109	-2 050
Net cash flow from operating activities		-2 044	-1 057	-3 119	208
Cash flow from investing activities					
Purchase of equipment	7	-96	-282	-287	-691
Acquisition of subsidiaries, net of cash	12	-	-	-	1 997
Net cash flow from investing activities		-96	-282	-287	1 306
Cash flow from financing activities					
Proceeds from share issue	4	290	10 475	290	10 642
Proceed from contribution in kind		-	8 857	-	8 857
Net cash flow from financing activities		290	19 332	290	19 499
Net change in cash and cash equivalents		-1 850	17 993	-3 116	21 014
Cash and cash equivalents beginning period		20 397	3 403	21 790	838
Net foreign exchange difference		64	-31	-62	-62
Cash and cash equivalents end period		18 611	21 365	18 611	21 790

Segment information

(USD '000)	Q3 2015		Q3 2014*		2015 YTD		2014 FY*	
	Marine & Offshore	Total	Marine & Offshore	Total	Marine & Offshore	Total	Marine & Offshore	Total
Revenues								
Norway	1 606	1 606	2 611	2 611	6 398	6 398	6 836	6 836
Singapore	3 359	3 359	3 766	3 766	10 252	10 252	11 309	11 309
UAE	2 655	2 655	2 486	2 486	9 993	9 993	8 322	8 322
USA	755	755	1 700	1 700	2 851	2 851	3 746	3 746
Brazil	307	307	851	851	1 249	1 249	2 796	2 796
UK	1 205	1 205	964	964	3 569	3 569	2 015	2 015
China	217	217	16	16	427	427	51	51
Mexico	483	483	-	-	1 336	1 336	32	32
Qatar	13	13	-	-	13	13	-	-
Germany	10	10	-	-	10	10	-	-
Elimination	-1 099	-1 099	-1 141	-1 141	-3 855	-3 855	-1 803	-1 803
Total revenue	9 511	9 511	11 253	11 253	32 243	32 243	33 303	33 303
Operating profit (EBIT)								
Norway	74	74	272	272	982	982	164	164
Singapore	323	323	916	916	1 497	1 497	2 453	2 453
UAE	-423	-423	315	315	-123	-123	509	509
USA	-147	-147	320	320	-169	-169	547	547
Brazil	-160	-160	-32	-32	-381	-381	-86	-86
UK	-85	-85	55	55	-60	-60	129	129
China	-56	-56	-276	-276	-210	-210	-418	-418
Mexico	38	38	-59	-59	98	98	-84	-84
Qatar	-104	-104	-	-	-143	-143	-	-
Germany	-22	-22	-	-	-22	-22	-	-
Korea	-46	-46	-	-	-46	-46	-	-
Central cost	-772	-772	-2 280	-2 280	-1 607	-1 607	-4 535	-4 535
Elimination	-42	-42	-201	-201	-734	-734	-626	-626
Total operating profit (EBIT)	-1 422	-1 422	-970	-970	-918	-918	-1 948	-1 948
EBITDA	-1 293	-1 293	-747	-747	-392	-392	-1 048	-1 048
Depreciation and amortisation	-129	-129	-223	-223	-526	-526	-900	-900
Operating profit/loss (EBIT)	-1 422	-1 422	-970	-970	-918	-918	-1 948	-1 948
Capex	96	70	282	282	287	287	691	691