

Aqualis ASA

SECOND QUARTER RESULTS 2015

Oslo, 26 August 2015

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Agenda



1. Operational highlights

David Wells
CEO



2. Financial highlights

Christian Opsahl
CFO



3. Outlook

David Wells
CEO

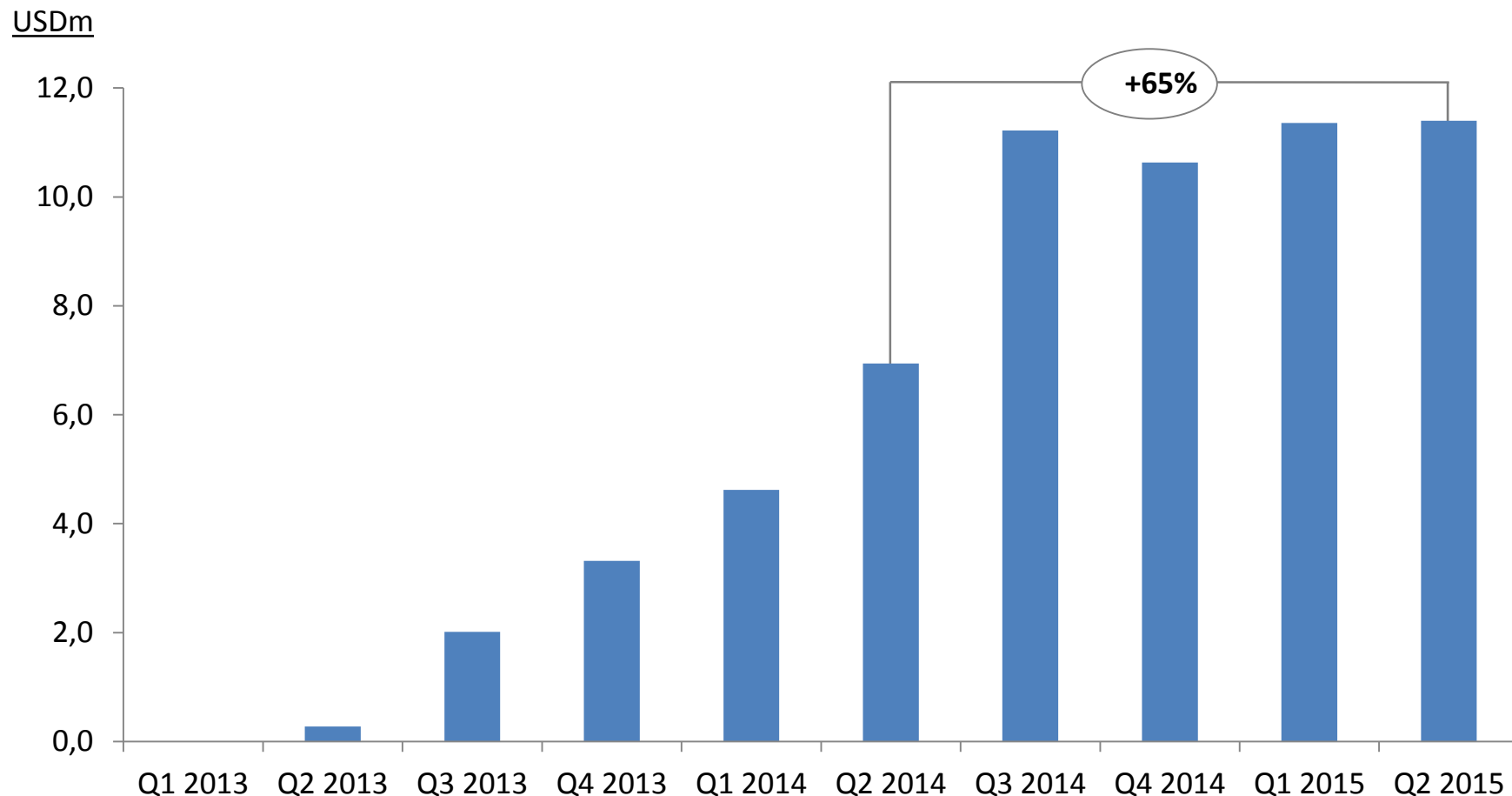


Q2 2015 - highlights

- Total revenues of USD 11.4m (Q2 2014: USD 6.9m).
- EBIT of USD 0.0m (USD 0.3m)
- Order backlog of USD 15.1m as of end June 2015 (USD 21m)
- Net cash of USD 20.4m at end of second quarter; no interest-bearing debt
- Continued investment in business growth:
 - Two new offices opened in Q2. Further three offices to be opened in Q3
 - 230 employees* as of end June 2015 (increase from 222* at end of Q1)
 - Most of costs associated with new offices and growth of workforce are expensed and not capitalized
- All critical company infrastructure / shared functions now in place
- Multiple contract awards across all business lines
- Solid growth for O&G operations (mainly rig moving, marine, DP) and a challenging market for new oil and gas investments. Aqualis to focus on operations and niche engineering in the near to medium term
- Healthy offshore wind market for Aqualis
- Challenging Brazilian market as asset market is dominated by Petrobras. International oil companies expected to gain market share longer term and this will reduce dependence on Petrobras

* Includes contractors on 100% utilization equivalent basis

Revenues – quarterly development

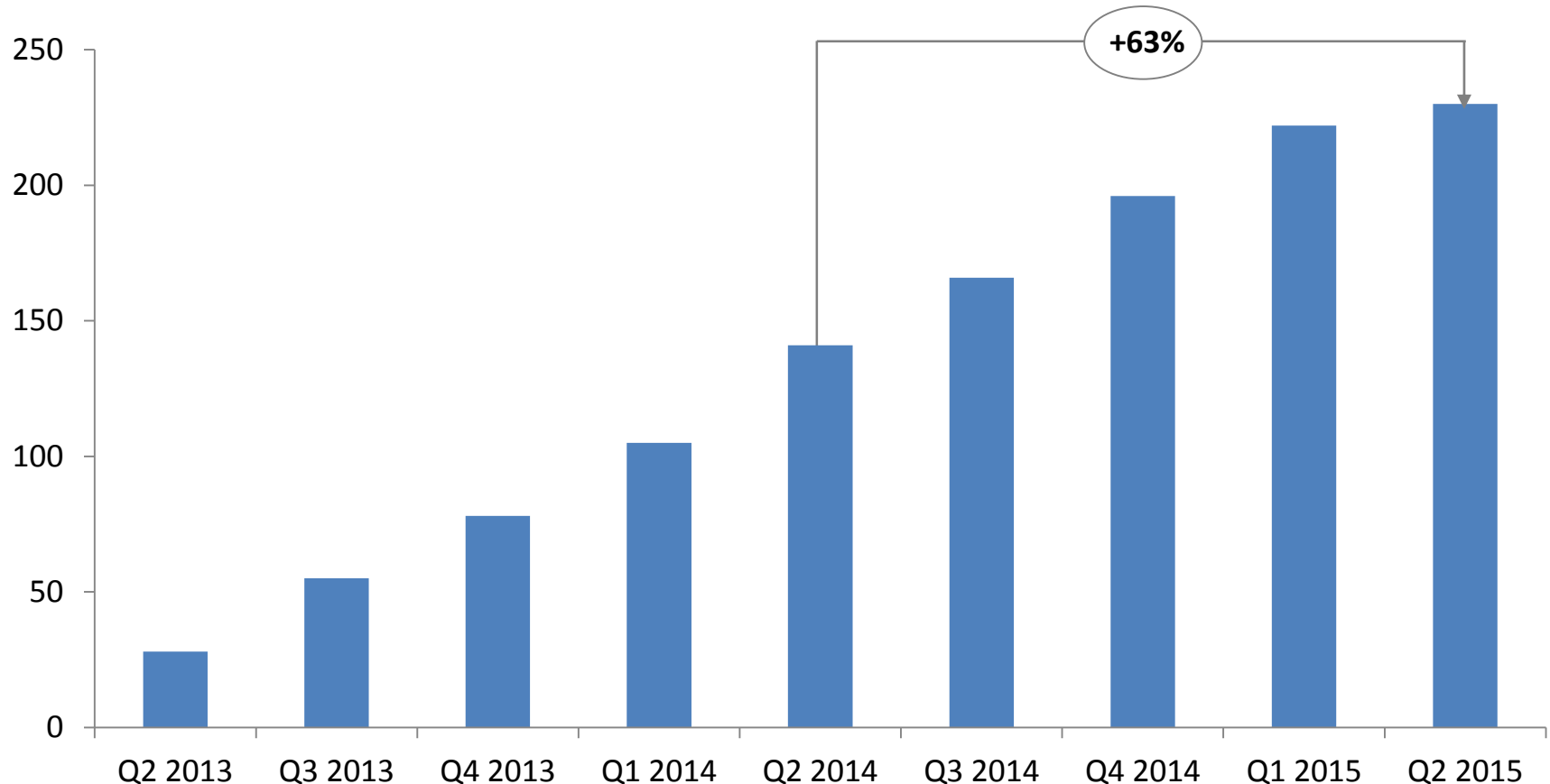


Notes:

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

Recruitment – quarterly development

Number of employees



Notes:

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

Q2 2015 – main new contract wins – oil & gas

- Pre-engineering work for European floatover project
- Project management services to Indonesian mining company for upcoming second phase of pipetrailing and replacement
- Large FMEA audits on 3 x accommodation units in a Chinese shipyard
- Re-award of annual DP trials of 4 x shuttle tankers in South America
- Call-out contract from major global rig owner for site specific location approvals for fleet of semi-submersible and jack up drilling units
- MWS services to major jack up rig owning company for dry transportation of several units
- MWS services to logistics operator for dry transportation of oil barges from China to Nigeria
- Supervision of floatover installation offshore Malaysia for major EPIC contractor
- Attendance for offload of jack up drilling rig in Vietnam on behalf of transportation contractor
- Construction supervision contract with Mekkers Offshore (Q3)

Q2 2015 – main new contract wins – renewables

- Provision of offshore marine representation to a major European power utility company for the second phase of its offshore project
- Further additional consultancy support to both a significant German power utility company and a UK-based utility player

Global presence – and still expanding



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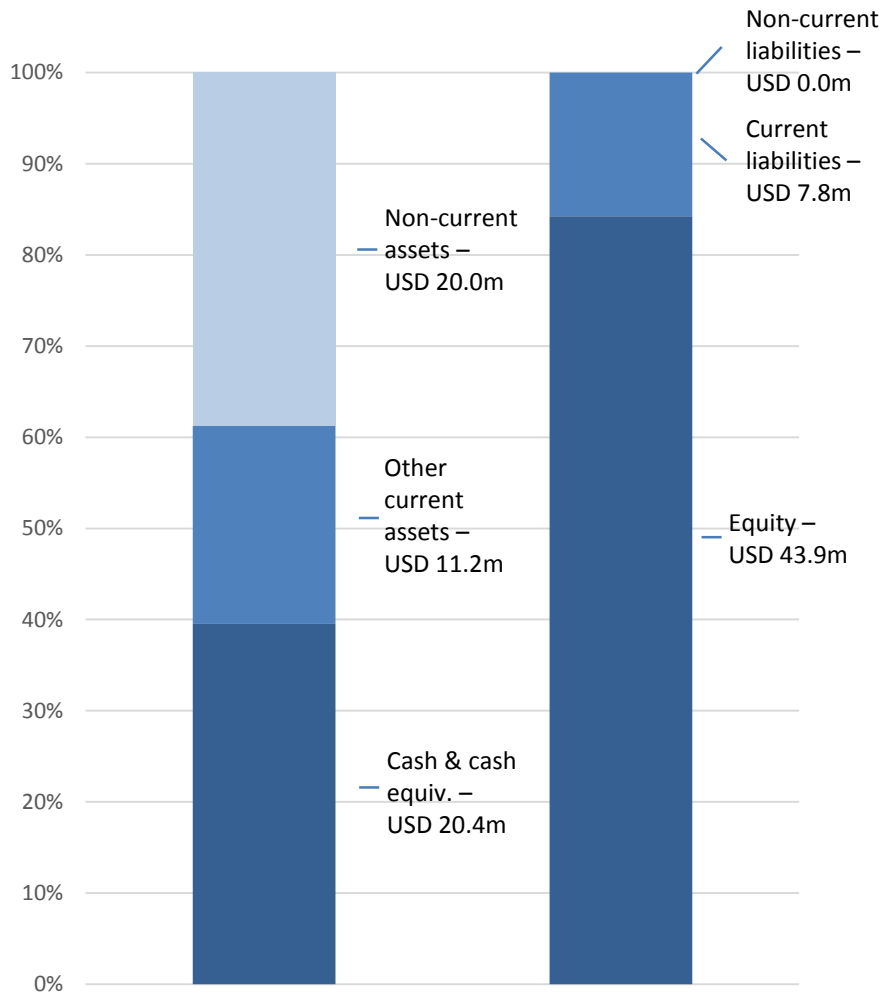
Q2 2015 – key figures

(USD '000)	2015 Q2	2014 Q2	2015 H1	2014 H1	2014 FY*
Total revenues and other income	11,4	6,9	22,7	11,5	33,3
Operating profit (EBIT)	0,0	0,3	0,5	-0,1	-1,9
Operating profit (EBIT) adjusted**	0,0	0,3	0,5	-0,1	-0,7
Profit after taxes	-0,4	0,2	1,0	0,0	-0,3
Profit after taxes adjusted**	-0,4	0,2	1,0	0,0	1,1
Cash & cash equivalents	20,4	3,4	20,4	3,4	21,8
Number of outstanding shares (thousands)	43 191	n/a	43 191	n/a	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

Solid financial position (30.06.15)



- No interest-bearing debt
- 85% equity ratio
- Strong liquidity position:
 - USD 20.4m in cash and cash equivalents

Q2 2015 – cash flow

USDm	Q2 2015	Q2 2014
Operating cash flow	-0.2	1.6
Investing cash flow	-0.1	1.9
Financing cash flow	-	0.2
Cash beg. of period	20.5	-0.2
Net FX difference	0.2	0.0
Change in cash & cash equiv.	-0.3	3.7
Cash end of period	20.4	3.4

- Operating cash flow in the quarter was negative USD 0.2m
- Investing cash flow of negative USD 0.1m in the quarter
- Change in cash for the quarter of negative USD 0.1m
- The positive cash flow in Q2 2014 was due to acquisitions completed in Q2 2014

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Outlook

Market:

- Good activity level for service operations on existing oil and gas assets, but challenging market for new investments in oil and gas (new assets)
- Expect continued strong oil and gas opportunities in the Middle East and Asia Pacific
- Numerous upcoming opportunities in Mexico, while the rest of Americas continues to look somewhat soft
- Market sentiment in Brazil remains weak
- Several construction monitoring project opportunities in Asia
- Expect the offshore wind market to continue to be healthy
- Pipeline of work expected 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 (rig moving, DP and other services) as new investment related opportunities weaken
- Further expansion of global office network expected in Q3 2015 with opening of three new offices (South Korea, Germany and Malaysia) to expand offerings into those markets
- Consolidating our recent fast footprint growth and develop opportunities within these countries
- Expand DP business line into the Americas region
- Continue select recruitment of experienced personnel
- Evaluating several M&A opportunities. Key is fit with current business of Aqualis and valuation/adding shareholder value

Summary

- Solid operational performance in Q2
- Strong year-on-year topline growth
- Solid order backlog and strong financial position
- Key focus to continue to grow the business: new offices and personnel
- Maintain 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
- Use the current weak market sentiment to build company stronger for the next up-cycle

Aqualis ASA

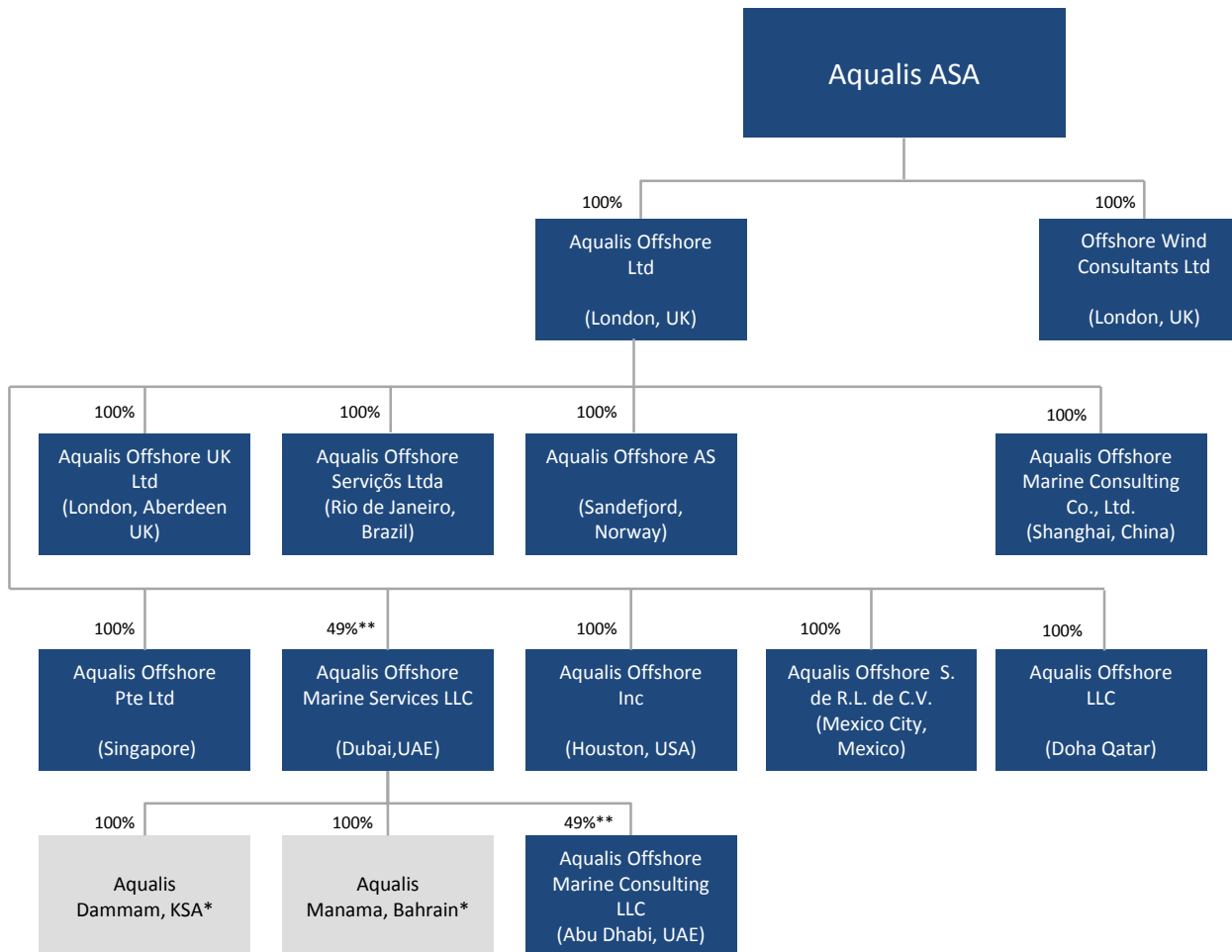
APPENDIX

Marine & engineering consultancy services



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

Corporate structure

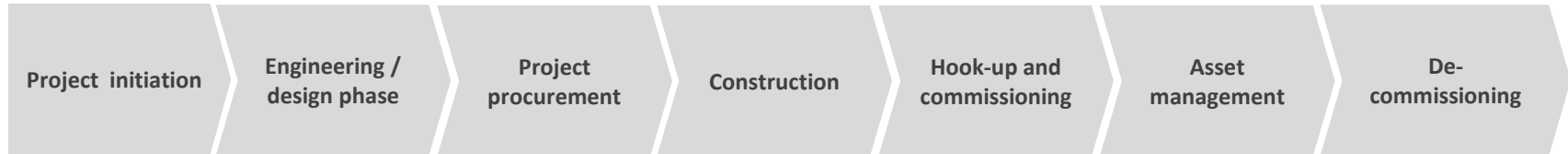


* In KSA / Bahrain, Aqualis operates through agency agreement with AET

**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:

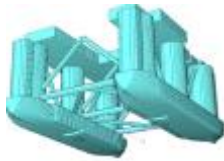
Site attendance on behalf of owners, shipyards, financial institutions, 3rd parties
New-builds + conversions & upgrades
Due diligence / compliancy; financial community focus

Marine operations:

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

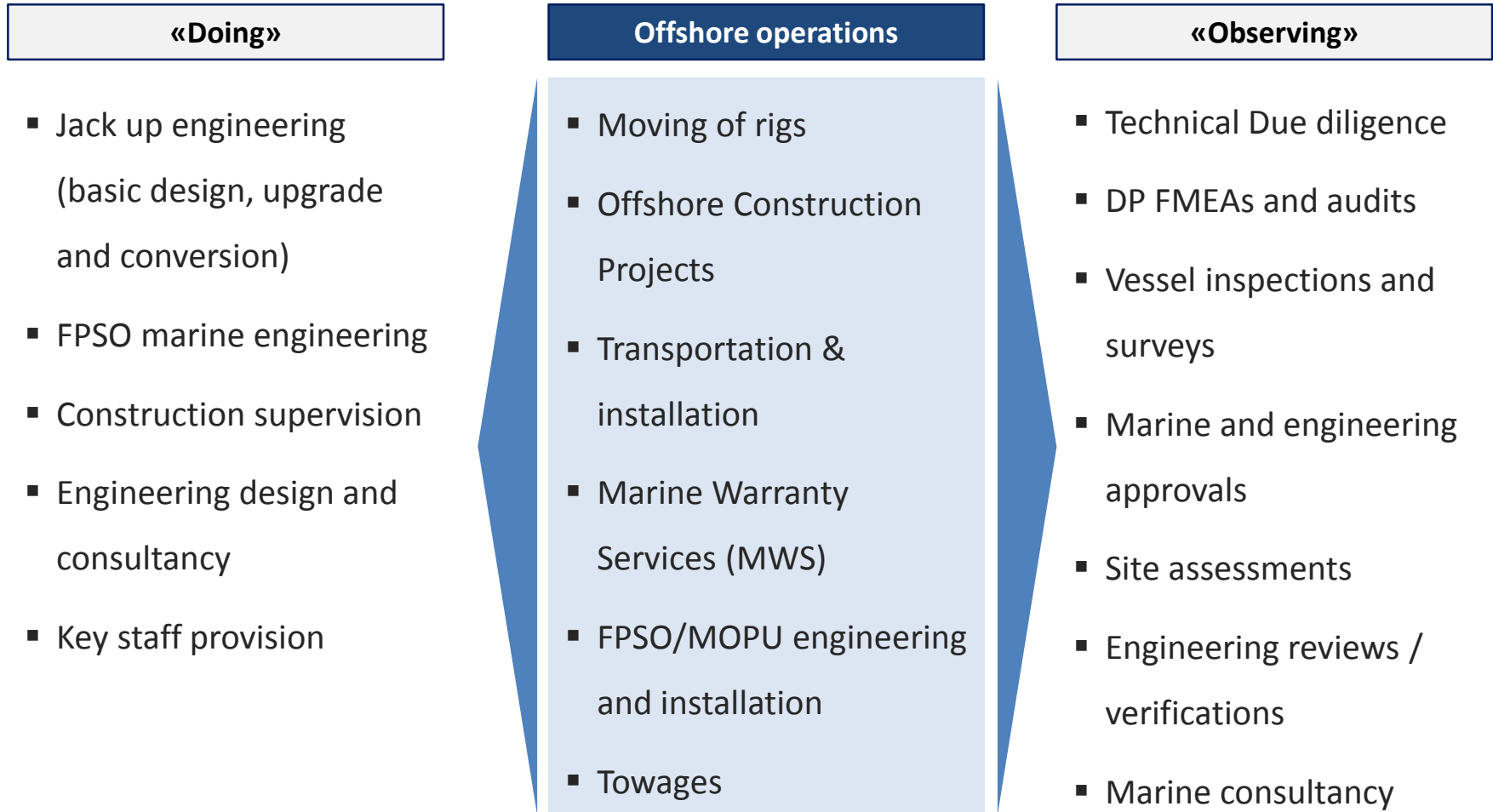
Inspection & approvals:

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 (30.06.15)

NAME	COUNTRY	# OF SHARES	% HELD
STRATA MARINE & OFFSHORE AS	NORWAY	5450973	12,62 %
GROSS MANAGEMENT AS	NORWAY	5281109	12,23 %
AQUALIS HOLDCO LIMITED	UK	2187500	5,06 %
ARCTIC FUNDS PLC	BELGIUM	1761830	4,08 %
PERSHING LLC	USA	1395789	3,23 %
QVT FUND V LP	BELGIUM	1190105	2,76 %
BINKLEY CAPITAL AS	NORWAY	1133664	2,62 %
T10 INVEST AS	NORWAY	979660	2,27 %
AGITO HOLDING AS	NORWAY	900000	2,08 %
FERNCLIFF LISTED DAI AS	NORWAY	843310	1,95 %
LENOX	SINGAPORE	830583	1,92 %
DIAB	USA	814648	1,89 %
SAXO BANK A/S	DENMARK	718812	1,66 %
VERDIPAPIRFONDET DNB SMB	NORWAY	712973	1,65 %
SIX SIS AG	SWITZERLAND	660487	1,53 %
ALSTO CONSULTANCY LTD	SEYCHELLES	598122	1,38 %
BONNON	UK	555074	1,29 %
THEOFANATOS	BRAZIL	512188	1,19 %
OFFSHORE & MARINE CONSULTING AS	NORWAY	500094	1,16 %
AMAN MARINE LIMITED	UNITED ARAB EMIRATES	492187	1,14 %
		27519108	63,71 %

Ferncliff and associated companies + Gross: approx. 27%

Management and employees: approx. 23%

Consolidated statement of comprehensive income

(USD '000)	Note	2015 Q2	2014 Q2	2015 H1	2014 H1	2014* FY
Operating revenues	7	11 373	6 804	22 732	11 438	33 303
Other income		-	50	-	50	-
Total revenues and other income		11 373	6 854	22 732	11 488	33 303
Payroll and payroll related costs	6	5 840	3 872	11 801	6 920	18 563
Depreciation, amortisation and impairment		150	209	397	409	900
Other operating costs		5 404	2 479	10 031	4 247	15 788
Total operating expenses	7	11 394	6 560	22 229	11 576	35 251
Operating profit (EBIT)		-21	294	503	-88	-1 948
Finance income		27	-	38	81	120
Finance costs		8	-	10	-	205
Net unrealized foreign exchange effect	4	-390	-27	640	116	1 994
Profit before taxes		-392	321	1 171	109	-39
Taxes		38	112	178	143	211
Profit after taxes		-430	209	993	-34	-250
Other comprehensive income						
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>						
Currency translation differences		1 182	-717	-3 015	-227	-8 834
Income tax effect		-	-	-	-	-
Total comprehensive income for the period		752	-508	-2 022	-261	-9 084
Total comprehensive income for the year, net of tax attributable to:						
Equity holders of the parent company		752	-508	-2 022	-493	-9 084
Non-controlling interests		-	-	-	-	-
Total		752	-508	-2 022	-493	-9 084
Earnings per share (USD): basic and diluted		-0,01	n/a	0,02	n/a	-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	31.06.2015	31.12.2014
ASSETS			
Non-current assets			
Equipment		474	629
Intangible assets	13	19 554	20 710
Total non-current assets		20 028	21 339
Current assets			
Trade receivables		7 888	5 229
Other receivables		3 357	2 990
Cash & cash equivalents	4	20 397	21 790
Total current assets		31 642	30 009
Total assets		51 670	51 348
EQUITY AND LIABILITIES			
Equity			
Share capital	5	702	702
Share premium		47 058	47 058
Other paid in capital		257	178
Retained earnings		-4 107	-3 491
Total equity		43 911	44 447
Non-current liabilities			
Other long-term liabilities		-	-
Total non-current liabilities		-	-
Current liabilities			
Trade payables		1 320	1 227
Other current liabilities		6 439	5 674
Total current liabilities		7 759	
Total liabilities		7 759	6 901
Total equity and liabilities		51 670	51 348

Consolidated cash flow statement

(USD '000)	Note	2015 Q2	2014 Q2	2015 H1	2014 H1	2014 FY
Cash flow from operating activities						
Profit before taxes		-392	321	1 171	109	-39
Non-cash adjustment to reconcile profit before taxes to cash flow:			-			
Estimated value of employee share options		119	-	175	-	178
Depreciation, amortisation and impairment		150	209	397	409	900
Changes in working capital:			-			
Changes in trade receivables and trade creditors		147	-2 622	-2 566	-3 260	-2 497
Changes in deferred income			-			
Changes in other accruals		-658	1 448	398	1 448	1 570
Effects related to acquisition of subsidiaries		-	2 166	-	2 147	2 147
Effects related to currency unrealized		390	112	-640	-120	-2 050
Net cash flow from operating activities		-244	1 634	-1 065	733	208
Cash flow from investing activities						
Purchase of equipment	7	-70	-138	-201	-301	-691
Acquisition of subsidiaries, net of cash	12	-	1 997	-	1 997	1 997
Net cash flow from investing activities		-70	1 859	-201	1 696	1 306
Cash flow from financing activities						
Proceeds from share issue		-	167	-	167	10 642
Proceed from contribution in kind		-	-	-	-	8 857
Net cash flow from financing activities		-	167	-	167	19 499
Net change in cash and cash equivalents		-314	3 660	-1 266	2 596	21 014
Cash and cash equivalents beginning period		20 534	-213	21 790	838	838
Net foreign exchange difference		177	-44	-126	-31	-62
Cash and cash equivalents end period		20 397	3 403	20 397	3 403	21 790

Segment information

(USD '000)	Q2 2015		Q2 2014*		2015 H1		2014 H1		2014 FY*	
	Marine & Offshore	Total	Marine & Offshore	Total	Marine & Offshore	Total	Marine & Offshore	Total	Marine & Offshore	Total
Revenues										
Norway	2 184	2 184	1 518	1 518	4 793	4 793	2 204	2 204	6 836	6 836
Singapore	3 404	3 404	3 036	3 036	6 893	6 893	4 666	4 666	11 309	11 309
UAE	3 631	3 631	1 632	1 632	7 337	7 337	3 220	3 220	8 322	8 322
USA	1 121	1 121	679	679	2 097	2 097	1 126	1 126	3 746	3 746
Brazil	503	503	618	618	942	942	1 401	1 401	2 796	2 796
UK	985	985	26	26	2 364	2 364	28	28	2 015	2 015
China	150	150	-	-	211	211	-	-	51	51
Mexico	687	687	-	-	853	853	-	-	32	32
Qatar	0	-	-	-	-	-	-	-	-	-
Elimination	-1 292	-1 292	-705	-705	-2 758	-2 758	-1 207	-1 207	-1 803	-1 803
Total revenue	11 373	11 373	6 804	6 804	22 732	22 732	11 438	11 438	33 303	33 303
Operating profit (EBIT)										
Norway	218	218	333	333	1 078	1 078	142	142	164	164
Singapore	682	682	760	760	1 422	1 422	937	937	2 453	2 453
UAE	252	252	91	91	583	583	154	154	509	509
USA	-29	-29	83	83	54	54	52	52	547	547
Brazil	-50	-50	-175	-175	-221	-221	-19	-19	-86	-86
UK	-32	-32	-6	-6	99	99	-13	-13	129	129
China	-69	-69	-	-	-155	-155	-	-	-418	-418
Mexico	73	73	-	-	60	60	-	-	-84	-84
Qatar	-39	-39	-	-	-39	-39	-	-	-	-
Central cost	-907	-907	-696	-696	-1 682	-1 682	-1 248	-1 248	-4 535	-4 535
Elimination	-120	-120	-96	-96	-696	-696	-93	-93	-626	-626
Total operating profit (EBIT)	-21	-21	294	294	503	503	-88	-88	-1 948	-1 948
EBITDA	129	129	503	503	900	900	321	321	-1 048	-1 048
Depreciation and amortisation	-150	-150	-209	-209	-397	-397	-409	-409	-900	-900
Operating profit/loss (EBIT)	-21	-21	294	294	503	503	-88	-88	-1 948	-1 948
Capex	70	70	138	138	201	201	301	301	691	691