



FIRST QUARTER RESULTS 2017

April 27, 2017

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Agenda



1. Highlights

David Wells
CEO



2. Financial review

Kim Boman
CFO



3. Outlook

David Wells
CEO



Q1 2017 Highlights

- Strong operational performance in challenging market

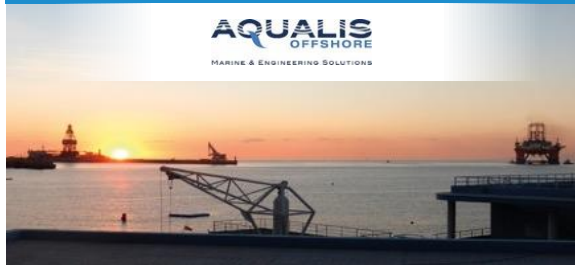
- Revenues of USD 7.6 million in Q1 2017, up 10% from Q1 2016
- Operating profit (EBIT) of USD 0.2 million in Q1 2017 vs loss of USD 1.5 million in Q1 2016
- Billing ratio¹ for technical staff of 78% in Q1 2017, up from 76% in Q4 2016
- Profitability measures took effect throughout the quarter
- The offshore wind market remains active and new contracts have been secured
- Weak results for ADLER Solar² due mainly to weather conditions and project delays
- Order backlog at USD 10.0 million vs USD 6.7 million at the end of Q4 2016
- Bidding activity increasing
- Cash balance of USD 9.6 million at the end of Q1 2017
- Continued solid HSE performance and no lost time incidents (LTIs) during the quarter

(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. Increasing exposure in Japan
- 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

Selected projects in Q1 2017

- Contract Extension of Liftboat New Build

- 9 month contract extension
- Provision of full site team providing construction monitoring services on 2nd new build liftboat to ensure fabrication compliant with contract
- Located in Dajin Shipyard, China



Selected projects in Q1 2017

- Bahrain LNG Project

- The new facilities will include a fixed platform for unloading LNG carriers, a newbuild FSU (floating storage unit) and an onshore receiving facility which together comprise the LNG Import Terminal development in the Kingdom of Bahrain
- Our scope of work includes provision of project management services, specialist floatover engineering, and supervision for loadout and floatover installation operations for the topside
- Our work commences immediately and the company's involvement will run until Q3 2018
- Topside Weight : 7,000 MT (Jacket Weight : approx 2,000mt)
- Transportation from Laem Chabang, Thailand to Arabian Gulf



Example photo

Selected projects in Q1 2017

- New Build Rig Lay Up Services

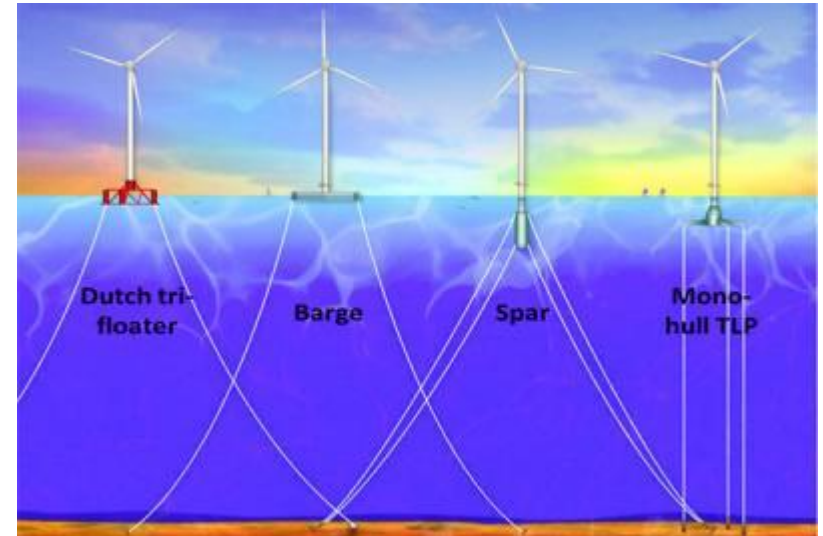
- Project management services associated with the warm stacking of a GM4D Semi-submersible rig
- Dedicated site team overseeing regular testing / maintenance / protection of equipment
- Full NOV Drilling package
- 1 year initial contract



Selected projects in Q1 2017

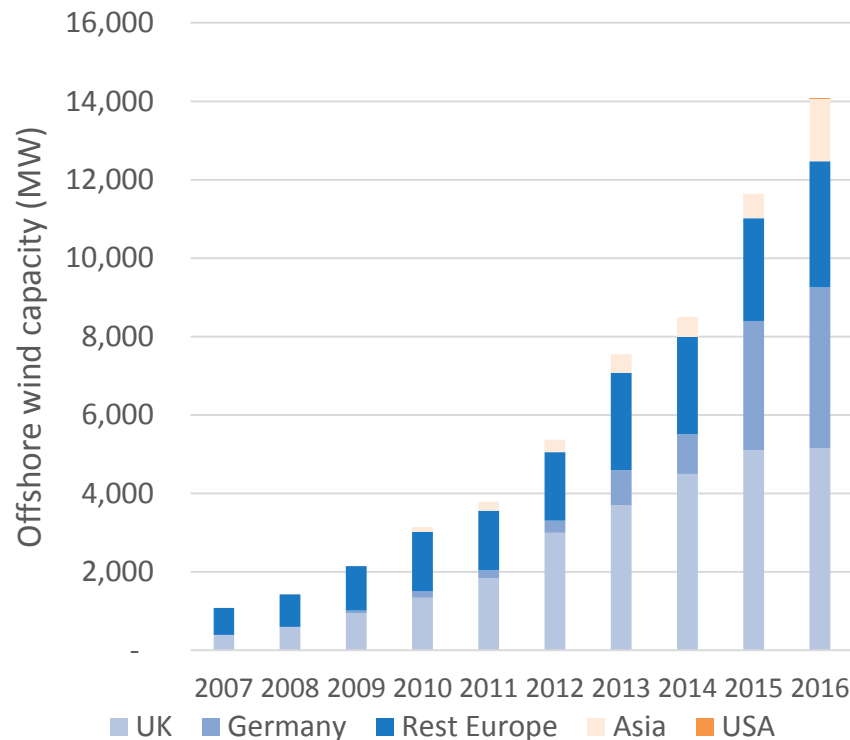
- Kincardine Wind Farm Project

- Appointed to provide owner's engineer and project management services in support of the development of a new fast track floating offshore wind farm project of the North-East coast of Scotland
- The extensive scope of work for OWC is to provide engineering consultancy from reviewing the conceptual design evaluation through to the detailed design, fabrication and final installation offshore of the project
- The first unit is scheduled to be installed in late Q3 2018 and all of the final turbines installed by mid 2020



Global offshore wind development

Offshore wind capacity development¹



Comments

- Installed offshore wind capacity in Europe constitutes almost 90% of the global installed capacity at the end of 2016
- Industry analysts² expect around 3 – 4 GW of added annual offshore wind capacity per year from 2017 to 2020
- China, Taiwan and the US is expected to start to rapidly develop their own wind resources in the coming years
- Primary drivers are cost reductions brought through larger turbines (will soon trend towards 12MW units) and lower costs due to scale and improved technologies

(1) Source: IRENA renewable capacity statistics

(2) Source: ReNews. 2017 Offshore Special Report

OWC and Aqualis

-Strong platform in place for developing offshore wind business

Expanding blue chip client list



Strong track record and brand

Geotechnical assessment & support: **6.6 GW**

Project management & support (incl. OE): **5.5 GW**

Subsea cables consultancy (route, risk, remediation): **5.0 GW**

Offshore Substations advisory: **2.4 GW**

TDD & Peer Review of offshore wind projects: **2.5 GW**

Total Experience 22.0 GW

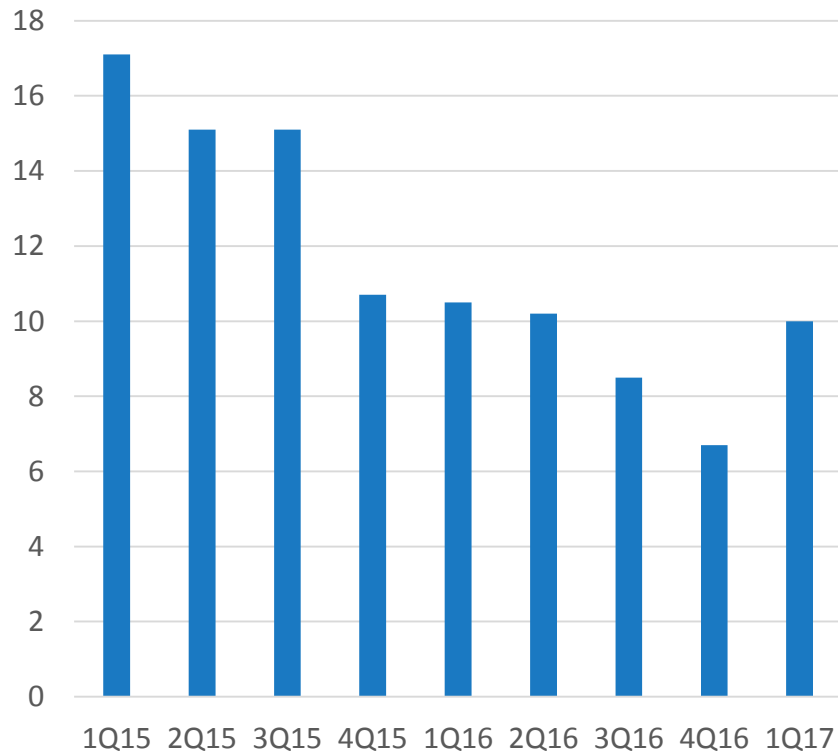
Development opportunities

- Strong market foothold based on industry recognised experience, a strong brand and an excellent reputation
- Aim to strengthen its market position within offshore wind market in Europe and assess opportunities for geographical expansion
- New project recently secured in Asia and other opportunities evaluated
- Emerging floating offshore wind market

Note: Excludes work on assignments considered confidential, so above project list is not exhaustive.

Order backlog development

Order backlog (USDm)

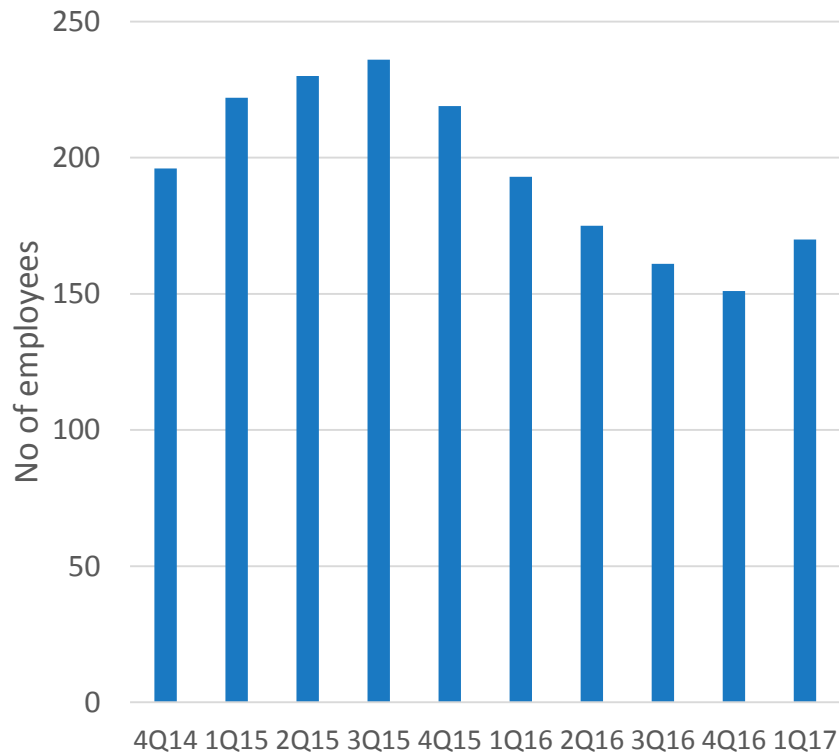


Highlights Q1 2017

- Increase in order backlog to USD 10.0m
- Pipeline of work expected from call out contracts is more positive, 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 do not get included in backlog figures

Staff level development

Staff level development¹



(1) Full time equivalent. Numbers include subcontractors on 100% utilization equivalent basis

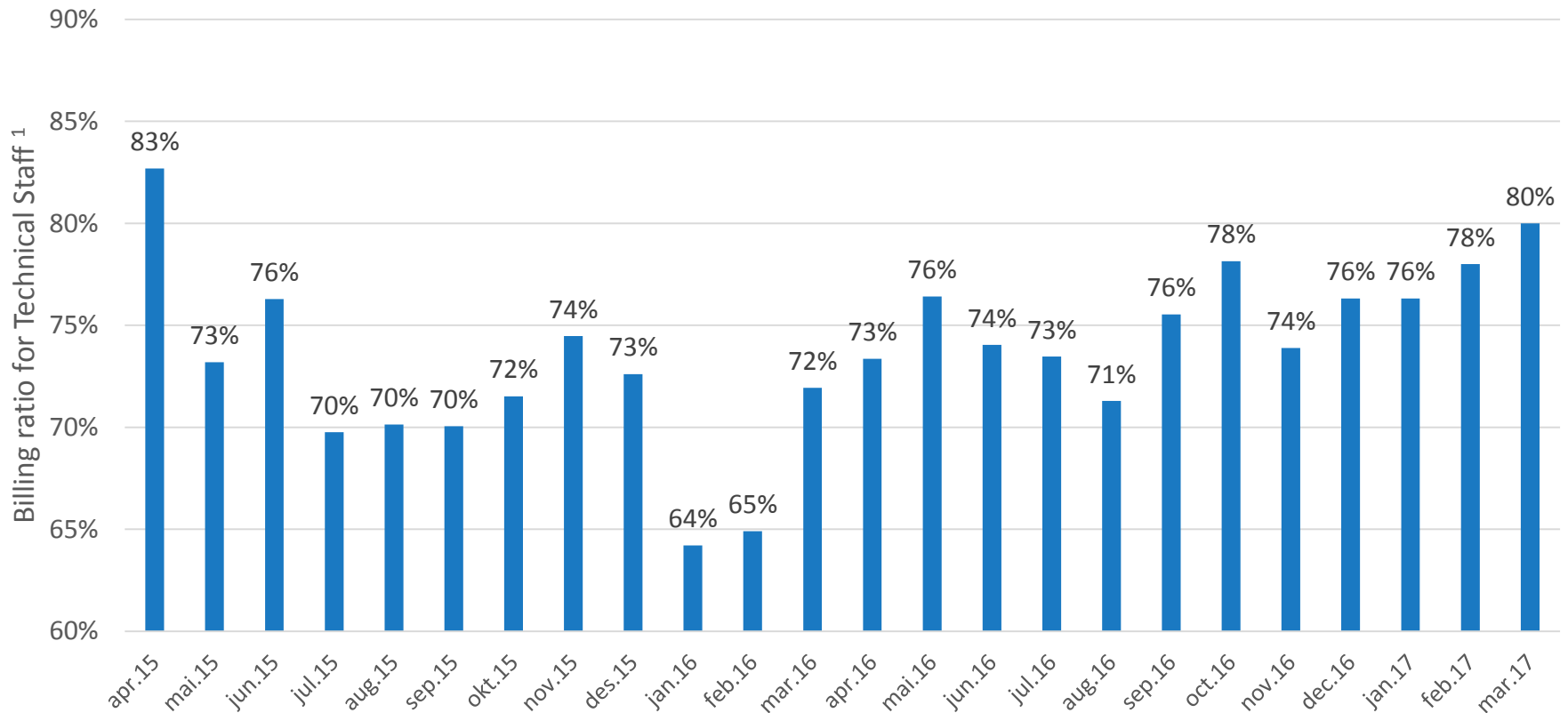
(2) Figures excluding ADLER Solar and staff made temporary redundant

Highlights Q1 2017

- The net increase in staff levels is related mainly to increased use of subcontractors
- Increased use of subcontractors allows a more flexible cost base whilst the short term outlook / position of the market is assessed

Improved billing ratio trend at start of 2017

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



Notes:

- (1) Billing ratio for Technical Staff including subcontractors. Excludes management, business development, admin support staff and temporary redundancies. Figure calculated as billable hours / net hours available. Net hours available 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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CEO



2. Financial review

Kim Boman
CFO



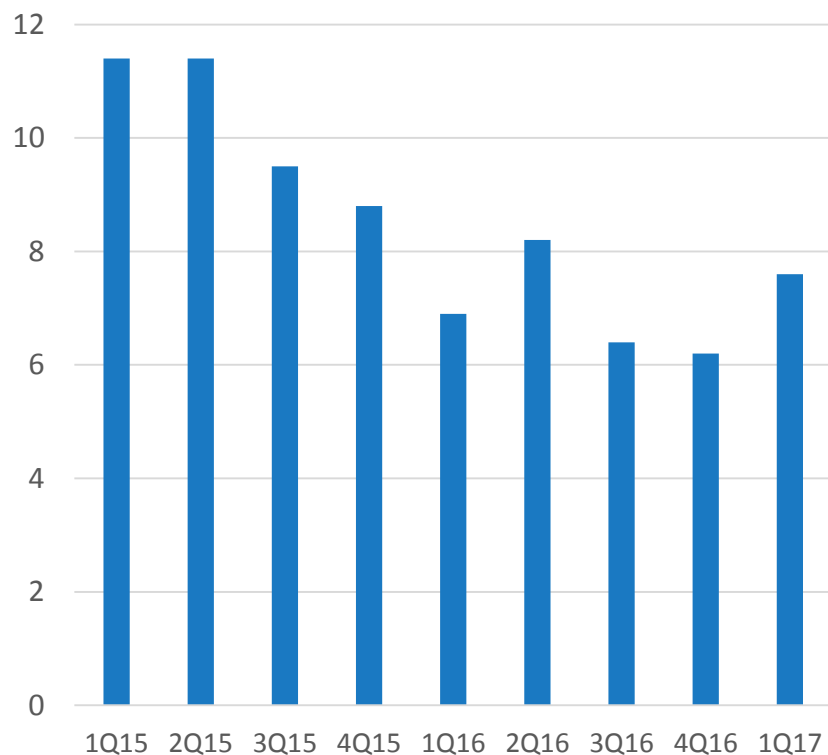
3. Outlook

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CEO

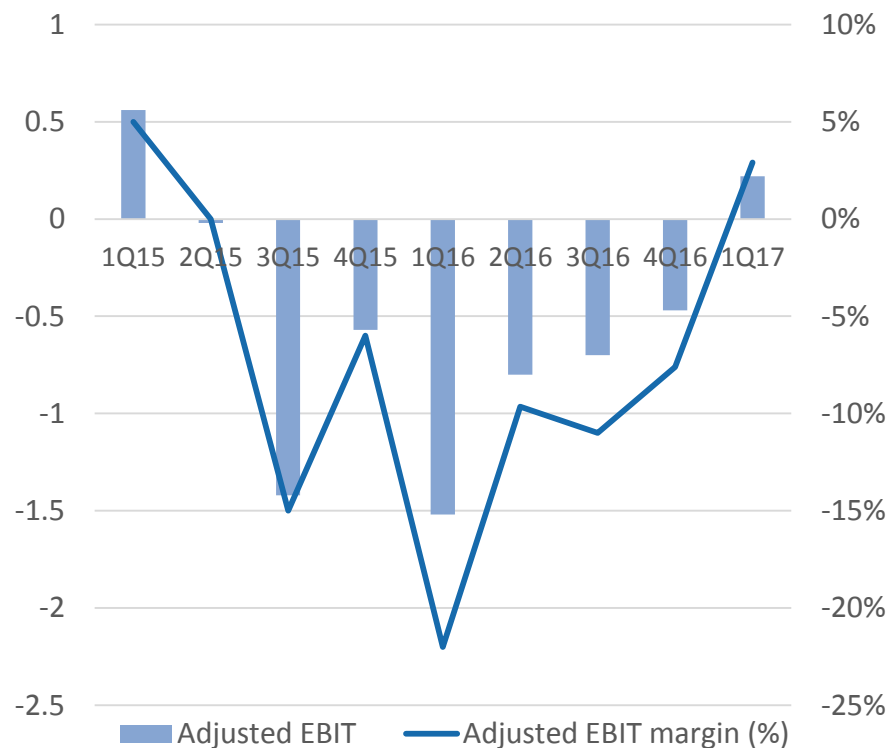


Revenue and adjusted EBIT trend

Revenue development (USDm)



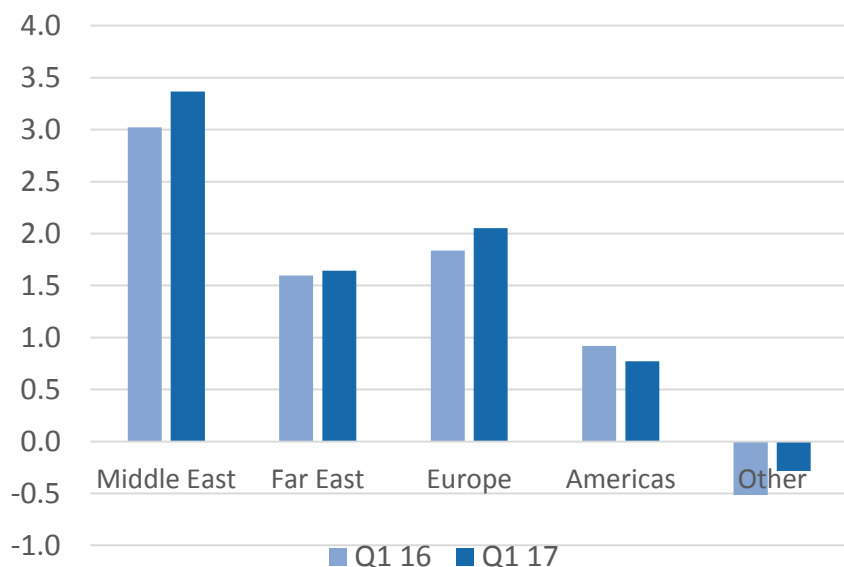
Adjusted EBIT trend (USDm, %)



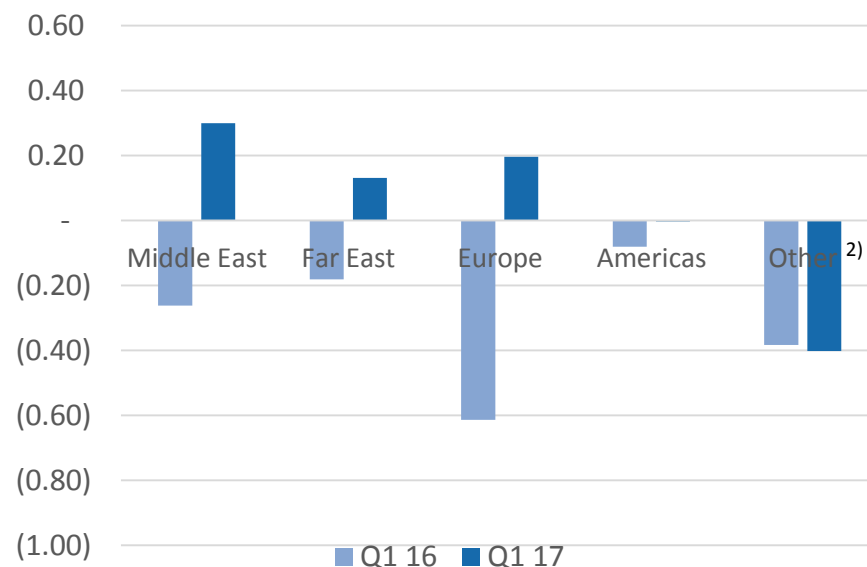
Adjusted EBIT: Earnings Before Interest and Taxes adjusted goodwill impairments

Geographical split

Revenue split (USDm)



EBIT¹ split (USDm)



- Regional revenue differences y-o-y for entities respectively in Middle East +11%, Far East +3%, Europe +12% (driven by increased turnover within offshore wind) and Americas -16%

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

2) Includes share of net income from associates, eliminations and corporate group costs

Income Statement

| <i>Amounts in USD thousands</i> | Q1 17 | Q1 16 | FY 2016 |
|--|----------------|----------------|-----------------|
| Total revenues | 7,550 | 6,860 | 27,564 |
| Payroll and payroll related expenses | (4,088) | (5,652) | (19,303) |
| Other operating expenses | (2,969) | (2,578) | (11,016) |
| Depreciation, amortisation and impairment | (32) | (72) | (794) |
| Total operating expenses | (7,090) | (8,301) | (31,113) |
| Share of net profit (loss) from associates | (240) | (79) | (506) |
| Operating profit (loss) (EBIT) | 220 | (1,521) | (4,055) |
| Finance income | 19 | 11 | 47 |
| Finance expenses | - | - | (0) |
| Net foreign exchange gain (loss) | (120) | (831) | (10) |
| Profit (loss) before taxes | 120 | (2,341) | (4,018) |
| Income tax income (expenses) | (20) | (17) | 144 |
| Profit (loss) after taxes | 100 | (2,358) | (3,874) |
| Financial ratios | | | |
| <i>Operating margin (EBIT), %</i> | 2.9 | (22.2) | (14.7) |
| <i>Profit after tax, %</i> | 1.3 | (34.4) | (14.1) |

- Revenues for Q1 2017 up 10% from Q1 2016
- Weak results for ADLER Solar
- Operating profit of USD 0.2 million
- Measures to improve profitability, competitiveness and increased cost flexibility continued to be phased in during Q1 2017
- “Group” overhead costs down more than 40% y-o-y

Strong Balance Sheet

| <i>Amounts in USD thousands</i> | 31.03.2017 | 31.12.2016 |
|-------------------------------------|-------------------|-------------------|
| Equipment | 163 | 184 |
| Intangible assets | 16,470 | 16,257 |
| Investment in associates | 2,632 | 2,853 |
| Loan to associates | 296 | 289 |
| Deferred tax assets | 125 | 122 |
| Trade receivables | 5,130 | 5,475 |
| Other current assets | 3,510 | 2,815 |
| Cash and cash equivalents | 9,615 | 9,910 |
| Total assets | 37,941 | 37,905 |
| Equity | 33,535 | 33,081 |
| Deferred tax liability | 426 | 425 |
| Other non-current liabilities | 573 | 527 |
| Trade payables | 1,055 | 1,093 |
| Other current liabilities | 2,352 | 2,779 |
| Total equity and liabilities | 37,941 | 37,905 |
| Financial ratios | | |
| Net debt, USD thousands | (9,615) | (9,910) |
| Equity/Assets ratio, % | 88% | 87% |

- Strong financial position, cash of USD 9.6 million
- No interest bearing debt

Cash Flow

| <i>Amounts in USD thousands</i> | Q1 17 | Q1 16 | FY 2016 |
|--|--------------|----------------|----------------|
| Operating cashflow | (325) | (1,467) | (4,127) |
| Investing cash flow | 14 | (2) | (382) |
| Financing cash flow | - | (368) | (368) |
| Net change in cash and cash equivalents | (312) | (1,837) | (4,877) |
| Cash and cash equivalents beginning period | 9,910 | 14,864 | 14,864 |
| Net change in cash and cash equivalents | (312) | (1,837) | (4,877) |
| Net foreign exchange difference | 17 | 142 | (77) |
| Cash and cash equivalents end period | 9,615 | 13,170 | 9,910 |

- Net operating cash flow of negative USD 0.3 million mainly related to the increase in working capital

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Outlook: Challenging market conditions expected in 2017

- The oil and gas market has shown more stability and some strengthening in certain regions in Q1 2017. The overall market is expected to remain challenging for the rest of 2017 with continued price and margin pressure. The order backlog and visibility remains primarily short term
- The offshore wind market is expected to have high activity level and continued rate pressure over the next quarters
- ADLER Solar targets to break even in Q2 2017 subject to increased market penetration for new services and current market outlook. Further profitability measures to be implemented
- Aqualis will continue to adapt to changes in market conditions, move gradually to a more flexible cost base and aim to strengthen its overall market position

Appendix



Top 20 shareholders

| # | Name | | Shares | % |
|----------------------------|-------------------------------------|-----|-------------------|--------------|
| 1 | GROSS MANAGEMENT AS | | 7,367,996 | 17.42 |
| 2 | TIGERSTADEN AS | | 3,466,322 | 8.20 |
| 3 | MP PENSJON PK | | 1,667,628 | 3.94 |
| 4 | AGITO HOLDING AS | | 1,350,000 | 3.19 |
| 5 | J.P. Morgan Bank Lux JP MORGAN BANK | | 1,017,776 | 2.41 |
| 6 | DIAB BADREDDIN | NOM | 1,001,302 | 2.37 |
| 7 | DnB NOR MARKETS, AKS DNB Bank ASA | | 1,000,000 | 2.36 |
| 8 | SAXO BANK A/S | NOM | 885,209 | 2.09 |
| 9 | LENOX PHILIP ALAN | | 830,583 | 1.96 |
| 10 | GISLERØD MAGNE | | 800,000 | 1.89 |
| 11 | SIX SIS AG 25PCT ACCOUNT | NOM | 627,288 | 1.48 |
| 12 | ALSTO CONSULTANCY LT 1 ST FLOOR 5 | | 598,122 | 1.41 |
| 13 | VERDIPAPIRFONDET DNB | | 577,338 | 1.37 |
| 14 | BONNON IAN DENNIS | | 555,074 | 1.31 |
| 15 | Carnegie Investment | | 525,000 | 1.24 |
| 16 | THEOFANATOS ANDREAS | | 512,188 | 1.21 |
| 17 | KULA INVEST AS | | 504,362 | 1.19 |
| 18 | REWAL AS | | 468,594 | 1.11 |
| 19 | VALHALL INVEST AS | | 467,346 | 1.11 |
| 20 | NORDNET BANK AB | NOM | 440,693 | 1.04 |
| Top 20 shareholders | | | 24,662,821 | 58.31 |

Source: VPS, 24.04.2017

Global footprint – active in all major oil and gas regions

Corporate HQ: London

Operating in 22 offices in 15 countries

Approximately: 170 FTEs¹

Traded on Oslo Stock Exchange

No interest bearing debt

ISO 9001:2008 & 18000:2007 approved



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

1) Per March 2017. Including FTE subcontractors but excluding ADLER Solar. Adler Solar has ~80 employees

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:

Operating profit adjusted

Management believes that “Operating profit adjusted” which excludes impairments of goodwill and other charges/(income) 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 impairments of goodwill and other charges/(income) 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

