



FOURTH QUARTER RESULTS 2017

February 27, 2018

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Agenda



1. Highlights

David Wells
CEO



2. Financial review

Kim Boman
CFO



3. Outlook

David Wells
CEO



2017 Highlights



Turnaround of core business

- EBITDA of USD 1.9m in 2017 (6% margin)
- Overhead costs reduced by > 40%
- Revenue growth of 13% vs 2016



Strong operational performance

- Billing ratio of 83%¹ in 2017
- Solid HSEQ performance



Phase in of flexible business model

- Improved ability to mitigate demand fluctuations and maintain billing ratio



Strengthened market position

- Gaining market share in a flat market
- The turnaround/growth led by Middle East, Far East and OWC



Turnaround of ADLER Solar

- Significant loss. Weak financial position
- Profitability measures not sufficient
- Value written off to 0

(1) Billing ratio for Technical Staff including subcontractors

Q4 2017 Highlights

- Strong operational performance

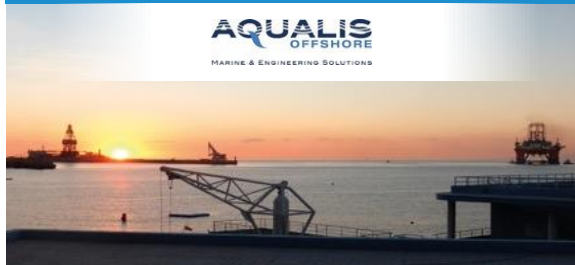
- Revenues of USD 8.9 million in Q4 2017 vs USD 6.2 million in Q4 2016
- EBITDA of USD 0.7 million in Q4 2017 vs loss of USD 0.3 million in Q4 2016
- Adjusted EBIT of USD 0.6 million in Q4 2017 vs loss of USD 0.3 million in Q4 2016
- Impairment of goodwill and investment in associates of USD 6.9 million in Q4 2017
- Operating loss (EBIT) of USD 6.4 million in Q4 2017 vs loss of USD 1.0 million in Q4 2016
- Strong operational performance with billing ratio¹ of 86 % in Q4 2017
- Continued solid HSE performance and no lost time incidents (LTIs) during the quarter
- Robust financial position with cash balance of USD 9.7 million
- The oil & gas market remains challenging but with increasing signs of recovery
- Activity in offshore wind market still remains high and new contracts have been secured
- ADLER Solar's² financial position is challenging and the economic outlook is uncertain
- Entry into rig inspection market using team of dedicated specialists
- Order backlog increased moderately to USD 8.9 million

(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

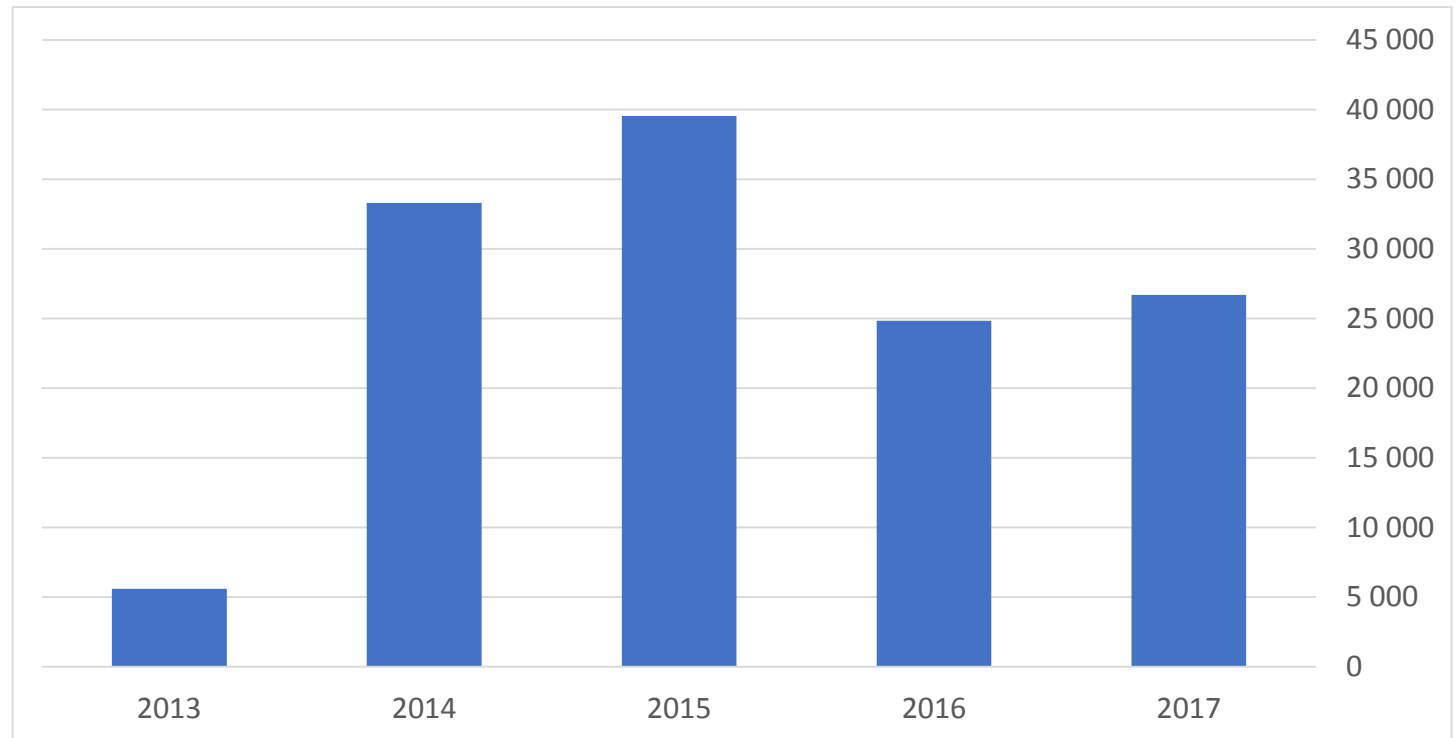
Enhanced service offering through the groups global network, client base, resources and expertise

1) Aqualis has an ownership of 49.9% in ADLER Solar

Aqualis Offshore – oil & gas focus

Development in revenues ¹ (USDk)

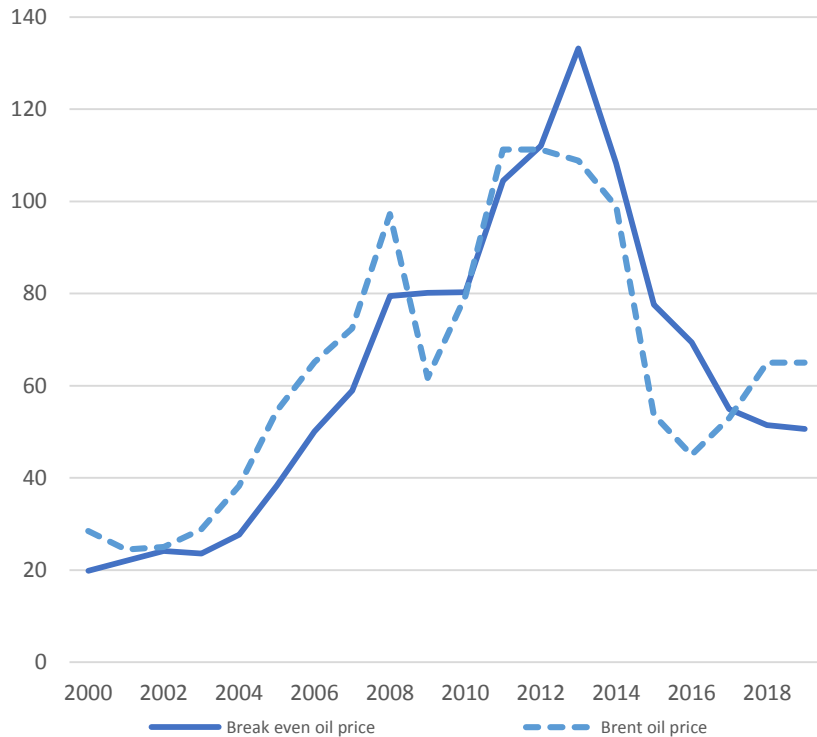
- Business expansion stopped by sharp fall in activity level in the oil & gas sector in 2H 2015
- Adjustment to market conditions in 2016 and 2017
- Assessing growth opportunities



(1) Unaudited proforma figures. Includes revenues from Tristein AS from May 2014 and onwards

E&P spending development

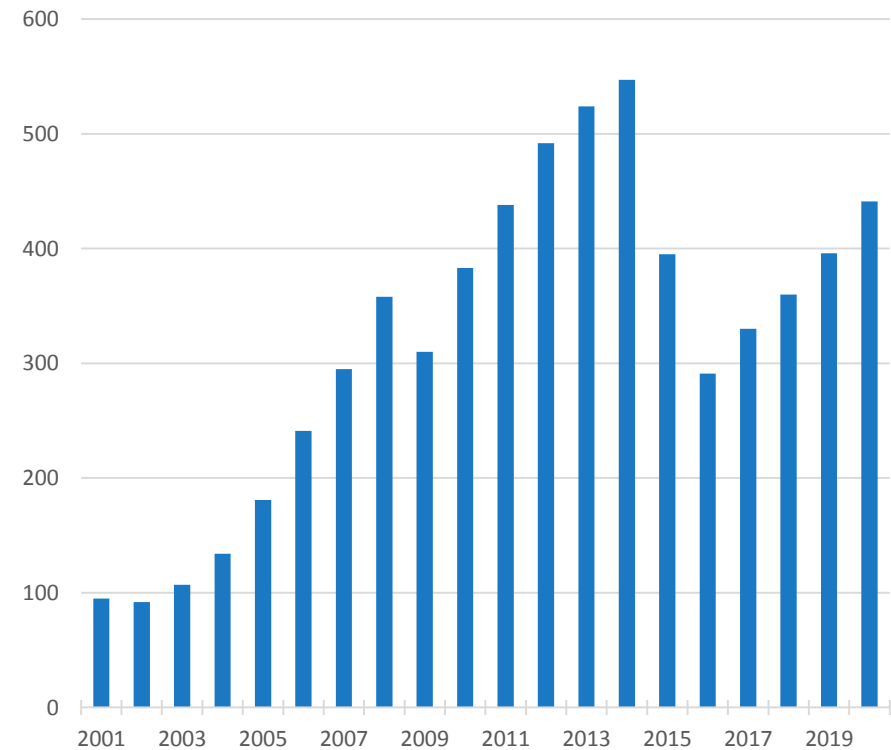
Break even oil price for oil majors



(1) Free cash flow break even oil price after capex and dividend

Source: Sparebank 1 Markets, Jan 2018

Global offshore E&P spending

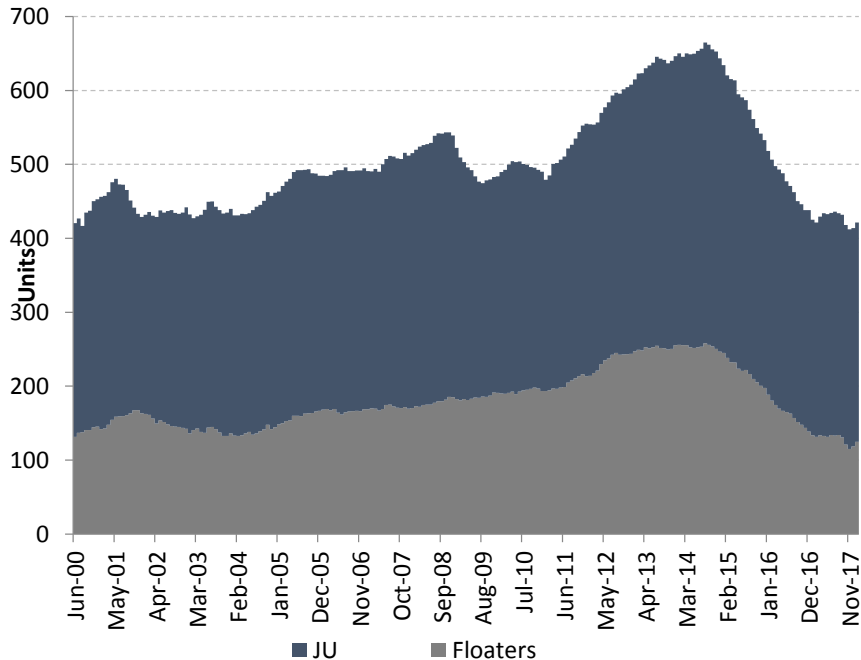


Source: Sparebank 1 Markets, Jan 2018

Rig market development

Working offshore rig count

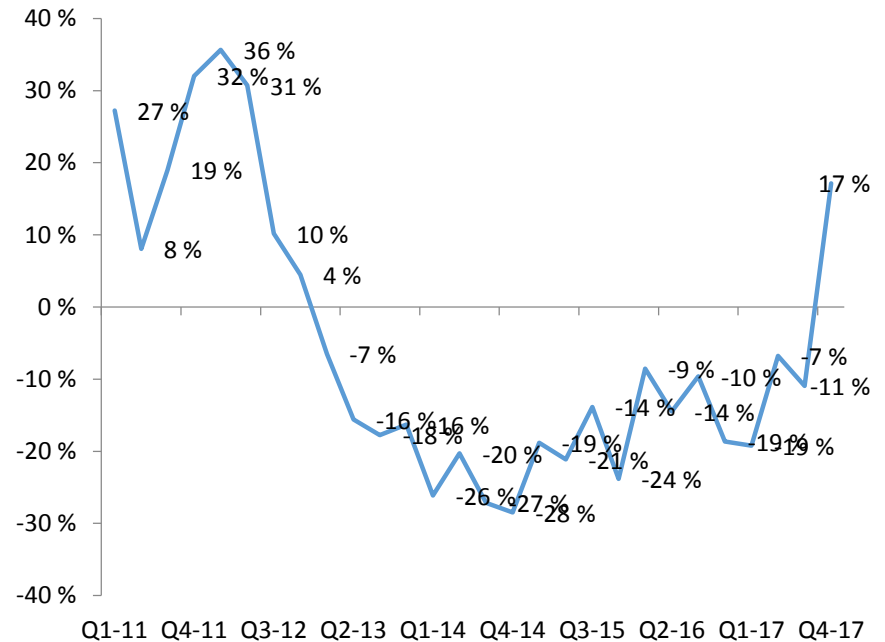
Rigs under contract



Source: RigLogix, Clarkson Platou Securities AS

Rig contracting activity

YoY growth in rig fixing activity, last 12M



Source: RigLogix, Clarkson Platou Securities AS

Launch of Rig Inspection service line

- Aqualis has set up a specialist rig inspection team. Service line launched into the market in Jan 2018
- Services offered include drilling rig inspections, covering all industry audit and inspection requirements, associated with:
 - Rig Selection Services.
 - Rig Inspection and Assurance Services.
 - New Build Assurance Service.
 - Rig Preservation Inspection Service.
 - Rig Re-activation inspections
 - Well Control Equipment Inspections.
 - Between well, well control equipment inspections.
 - Cyber-based drilling equipment inspections.
 - Integrated Control System inspections and testing
- Targeting drillships, semi-submersibles and jack-up rigs of all generation types. Both onshore and offshore



Brazil - FPSO's P75 & P-77 Engineering & Marine Consultants

Aqualis Offshore is providing engineering and marine consultancy to QGI during the integration of the FPSO's P-75 and P-77 at Dalian, China including:

- Transportations of modules from Brazil to China (see photo)
- Verification of module lifting plans and ballasting of FPSO's
- DWT surveys and Inclining Test
- Stability Manuals
- Tows of FPSO's to Brazil



Norway – AKER BP frame agreement

Aqualis Offshore will provide marine warranty surveyor and marine services to Aker BP's fixed platforms, mobile units and subsea fields on the Norwegian continental shelf on a call out basis

Scope of work covers loadouts, transports, installation, towages, moorings, rig moves and vessel inspections

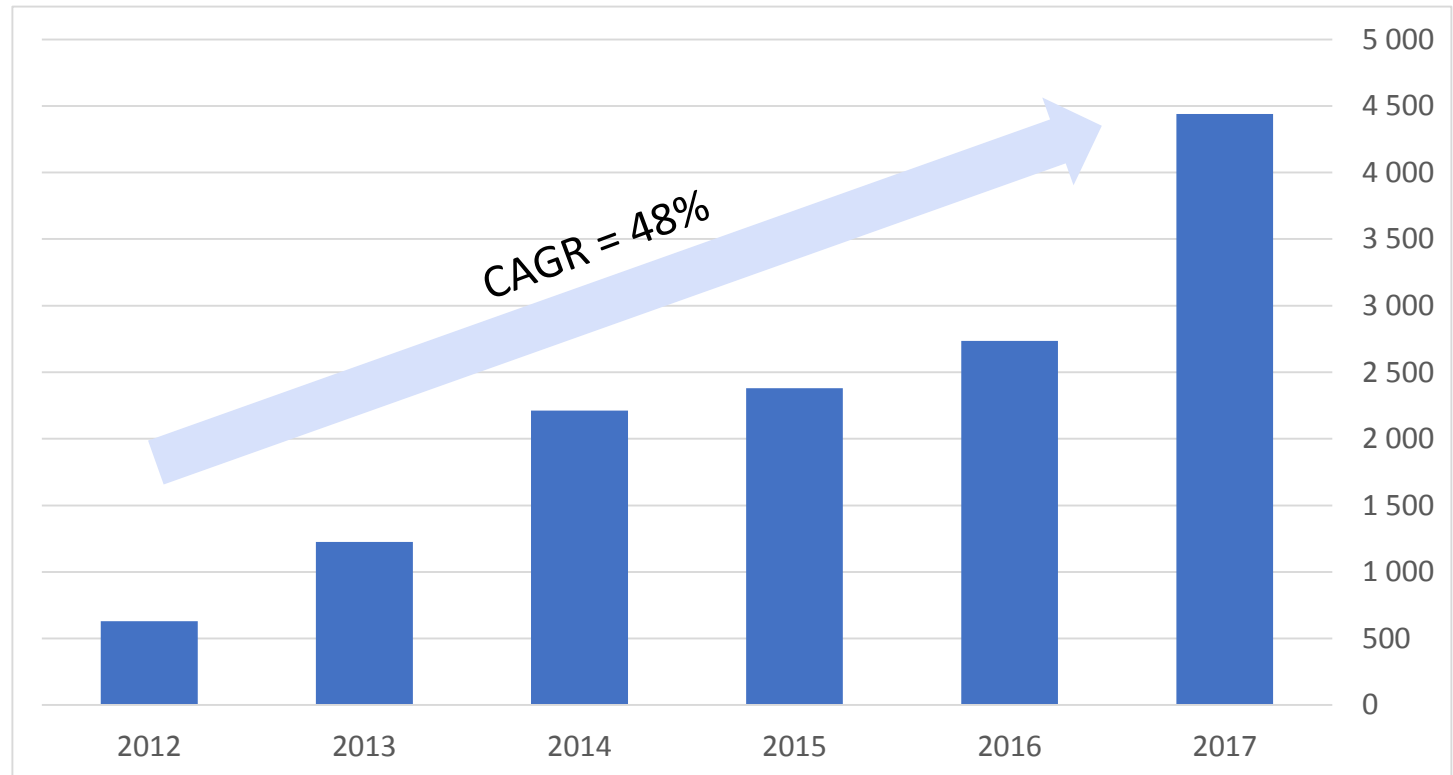
Contract duration 5 years



Offshore Wind Consultants (OWC)

Development in Revenues ¹ (USDk)

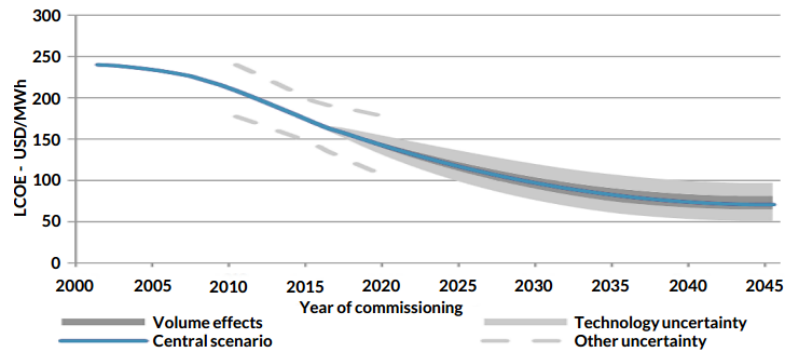
- OWC was established in 2011
- Initial focus on UK market
- Acquired by Aqualis in July 2014
- Opened office in Germany in 2015
- Currently assessing expansion opportunities in emerging markets



(1) Unaudited proforma figures from 2012 to 2017

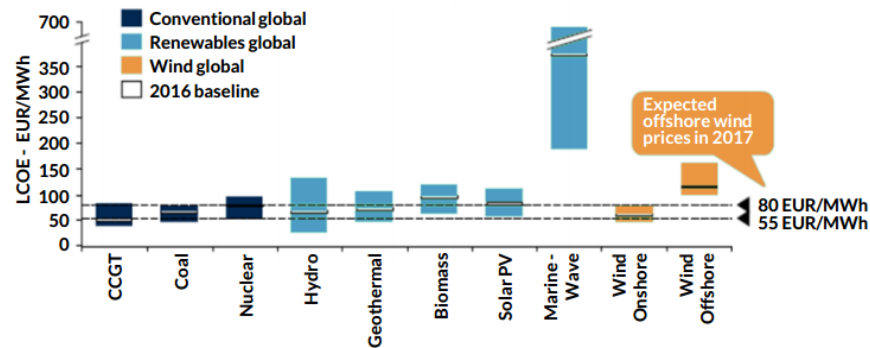
Offshore wind energy costs are expected to continue to fall

Offshore wind cost development (LOCE)



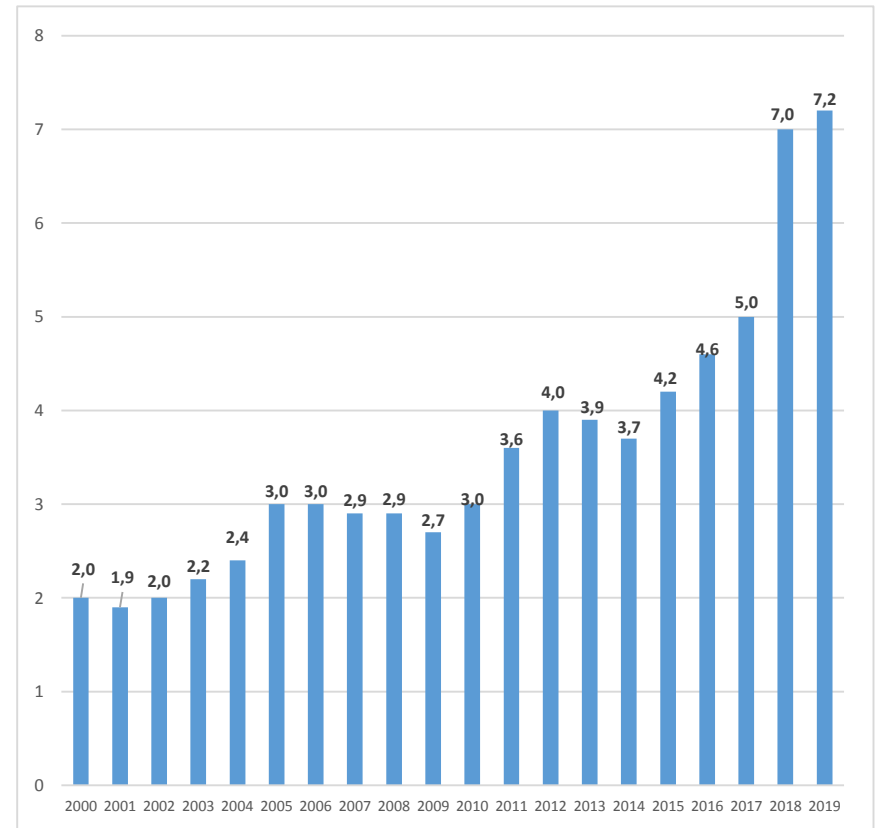
Source: Kepler Chevreux, Thematic research Nov 2017

Comparative cost position



Source: Kepler Chevreux, Thematic research Nov 2017

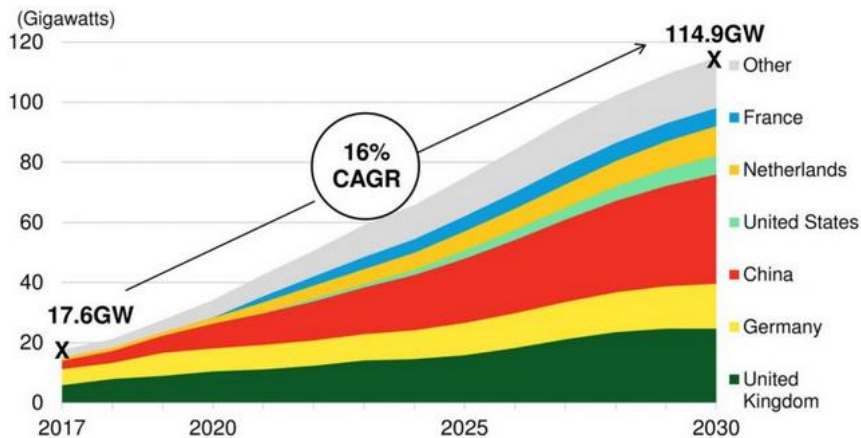
Avg. turbine size development (MW)



Source: SpareBank 1 Markets

Global offshore wind market development

Offshore wind capacity development



Comments

- Industry analyst expect the global offshore wind market to grow at 16% compound annual return from 2017 to 2030
- Market growth driven by UK, Germany, Netherlands and China.
- China expected to become the largest market by installed base by year 2022

Source: Bloomberg New Energy Finance webpage, 8th of January 2018

OWC and Aqualis have established a strong record of achievement and experience

24 GW

OF PROJECTS

We have worked on many projects world wide since 2011

17 GW

GEOTECH & ENGINEERING

We have experience of soil conditions world wide. we also optimise, reduce costs and reduce uncertainty of substructure concepts

5.9 GW

PEER REVIEW & TDD

We have undertaken peer reviews & TDD at many critical stages of projects

12 GW

SUBSEA CABLES

we design & evaluate risks of cable routes, determine or evaluate installation methodologies & advise on O&M & repair issues

4.4 GW

PROJECT MANAGEMENT

We have realised full projects & support developers during pre-construction & construction

2.2 GW

OFFSHORE SUBSTATIONS

We advise on specification, siting, procurement & construction of offshore & onshore transmission assets

OWC and Aqualis have developed a broad offering and client base supporting geographic and service line growth in 2018

BUSINESS INTELLIGENCE

Market & Technology Studies & Strategy



TRANSACTIONS

Technical Due Diligence Advisory



PROJECTS

Development, Engineering, Commercial, Technical & Project Management Support over Whole Lifecycle



- 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 grow international footprint in 2018
- Delivering work in US and securing new clients
- Active in emerging floating offshore wind market
- Launched well received new service line focused on wind measurements, especially floating LiDAR



UK – East Anglia THREE Offshore Wind Project

OWC supported the strategy process for Iberdrola's East Anglia THREE offshore windfarm covering a site investigation, preliminary foundation analysis, risk appraisal and turbine layout assessment.

OWC carried out an assessment of the layout constraints across the East Anglia THREE site, assisted with the development of the overall layout of the wind turbine generators, while considering a number of variables including bathymetry, soil conditions, seabed mobility, foundation type and foundation installation.

OWC recommended the most economical options during the site investigation campaign

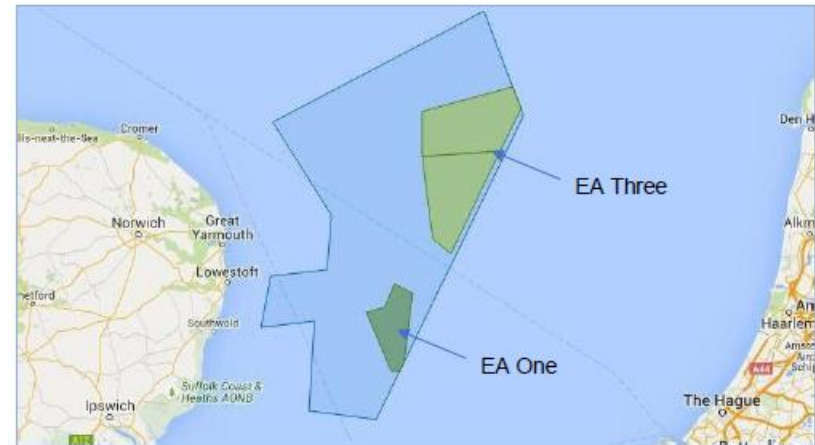


Figure 1-1 : Location of the EAOW zone and EA3 site



Germany – Support to Senvion on Confidential Dutch Project

OWC were contracted by contacted by Senvion to provide support during the bidding for a confidential offshore wind project in the Netherlands.

The scope for Senvion included the supply and installation of the WTG foundations and cables.

OWC's scope included a full review of the employer's requirements, a review of the submitted provisional design data, a review of the contractor's bids, undertaking a gap analysis between the submitted design data and the project requirements.



SENVION
wind energy solutions

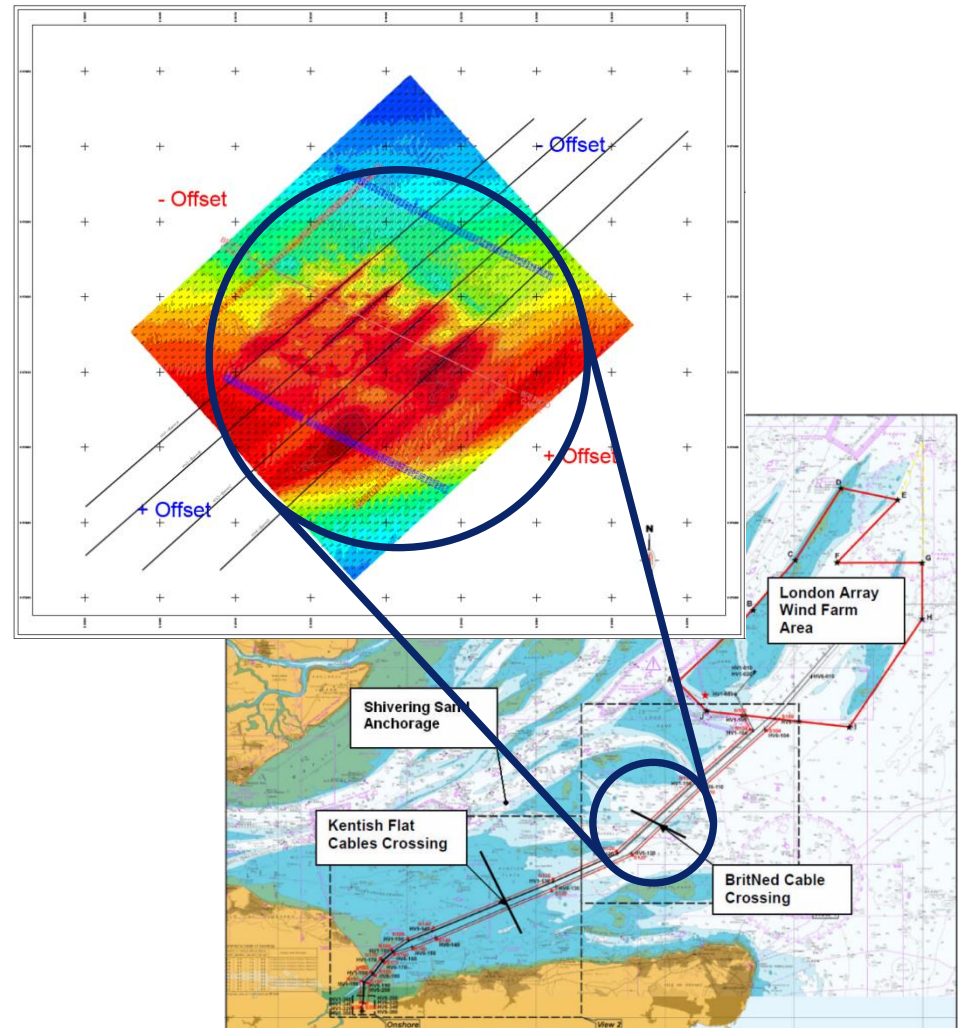
UK – Survey Support on London Array Cable Crossing

OWC have been supporting Blue Transmission London Array Limited (BTLAL) the owner of the London Array wind farm's transmission assets, or OFTO, for number of years.

OWC were recently contracted to assist in securing a suitable survey contractor to carry out the survey works at the London Array and BritNed Cable crossing. This area was the subject of significant works and additional cable protection, overseen by OWC, after a large scour pit was detected.

OWC provided project support and oversaw the survey works on behalf of BTLAL and processed the results once the survey was complete.

OWC managed to reduce client costs combining the scope of work at the BTLAL cable crossing location together with the scheduled inspection works at another cable location.



US – East Anglia ONE Offshore Wind Project

Aqualis Offshore, Inc. provided specialised engineering consultancy services to Lamprell Shipyard on the strategic East Anglia One project in the UK sector of the North Sea.

Aqualis Offshore carried out spectral fatigue assessment of various structures being transported to ensure their structural integrity during the dry transportations.

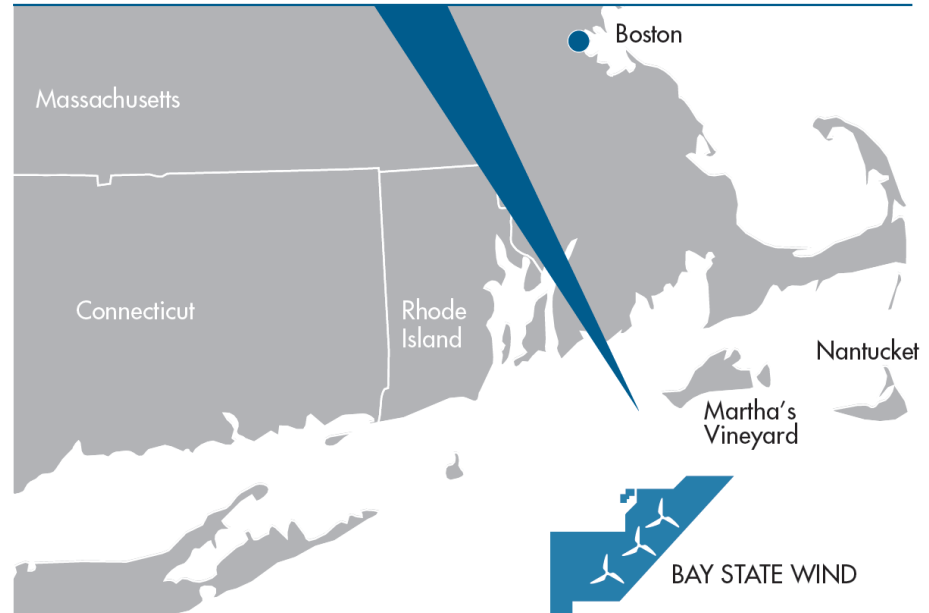


US – Ocean Wind and Bay State Wind

Aqualis Offshore, Inc. and OWC are providing offshore geotechnical engineers to Ørsted in their soil investigation campaigns offshore New Jersey and Massachusetts.

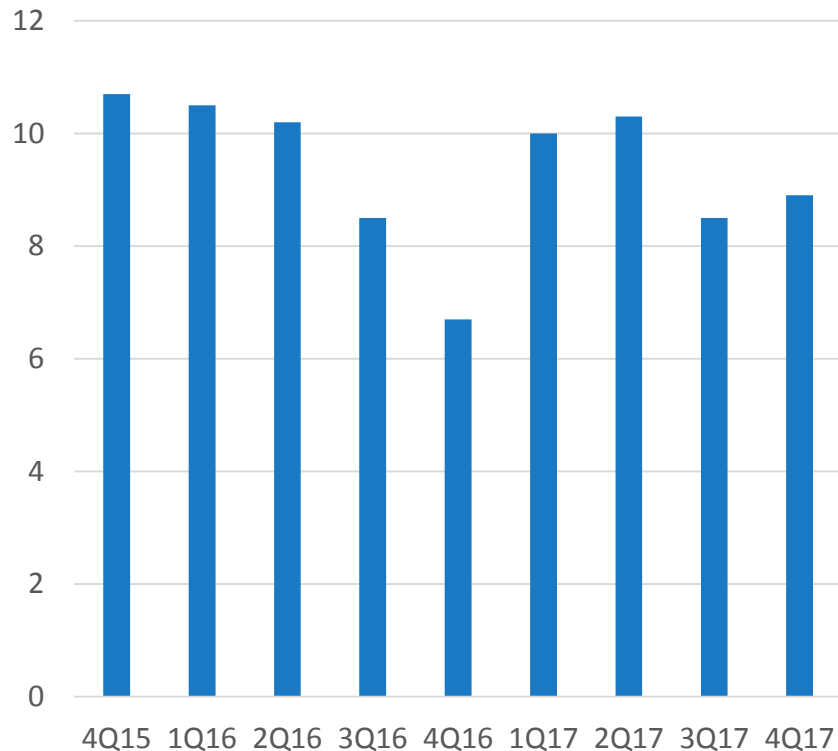
The engineers role is to provide technical oversight during the acquisition of soil data.

Ocean Wind and Bay State Wind are Ørsted's first projects offshore the East Coast of the USA and provide Aqualis Offshore a strategic entry into the nascent American offshore wind market.



Order backlog development

Order backlog (USDm)

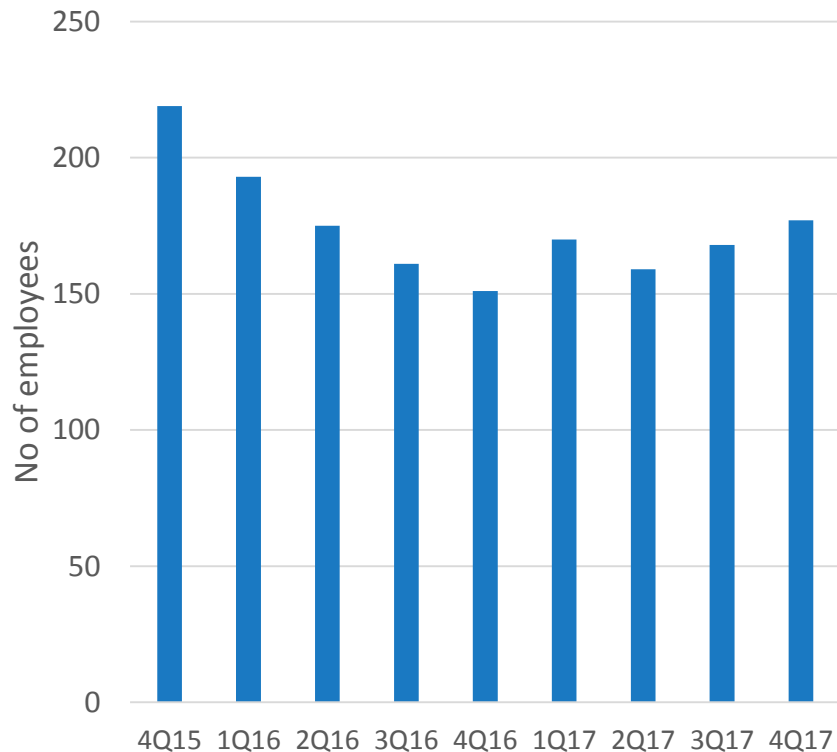


Highlights Q4 2017

- Increase in order backlog to USD 8.9m
- Pipeline of work expected from call out contracts is 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 are only included in backlog figures when reliable estimates are available

Staff level development

Staff level development¹



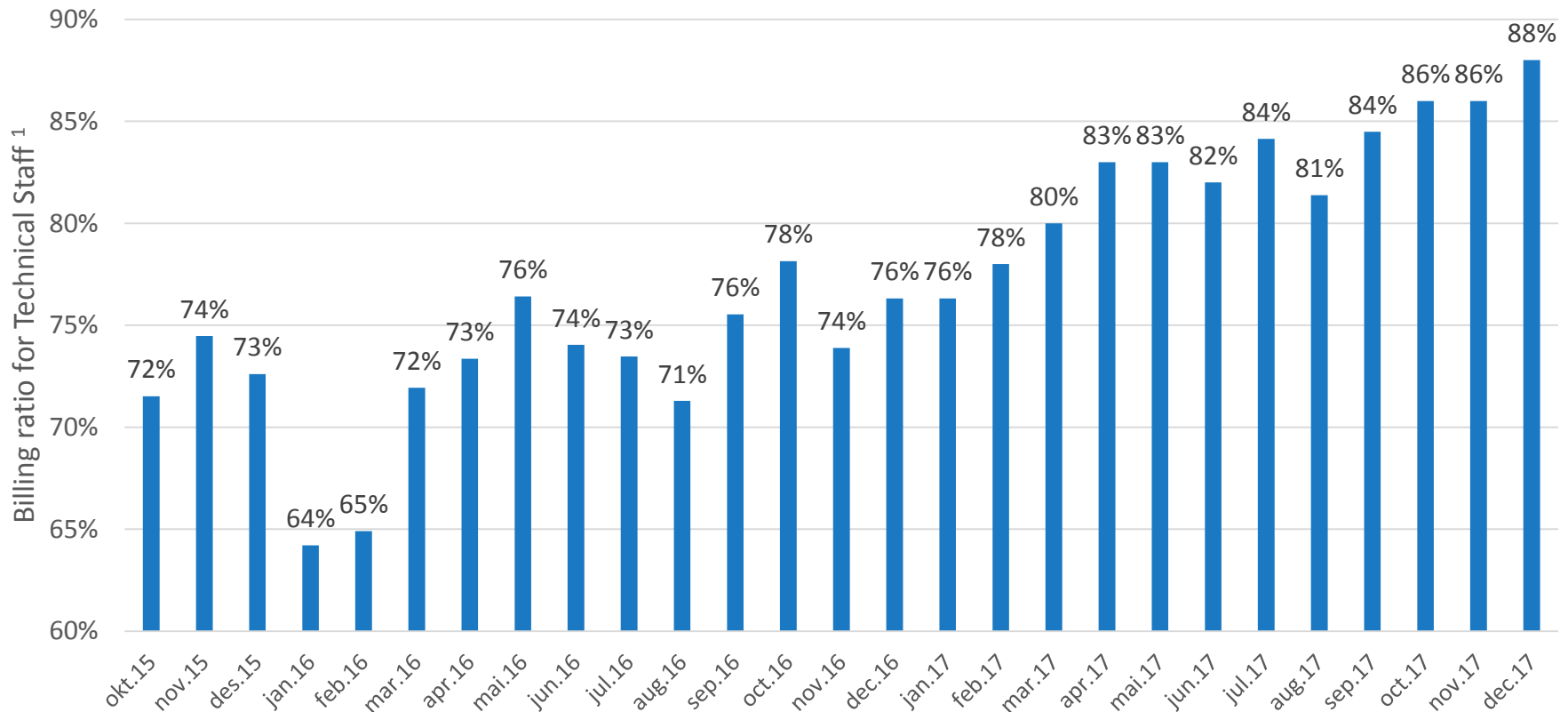
(1) Full time equivalent. Numbers include subcontractors on 100% utilization equivalent basis and excludes Adler Solar and staff made temporary redundant

Highlights Q4 2017

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

Strong performance with record high billing ratio in Q4 2017

- 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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CEO



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CFO



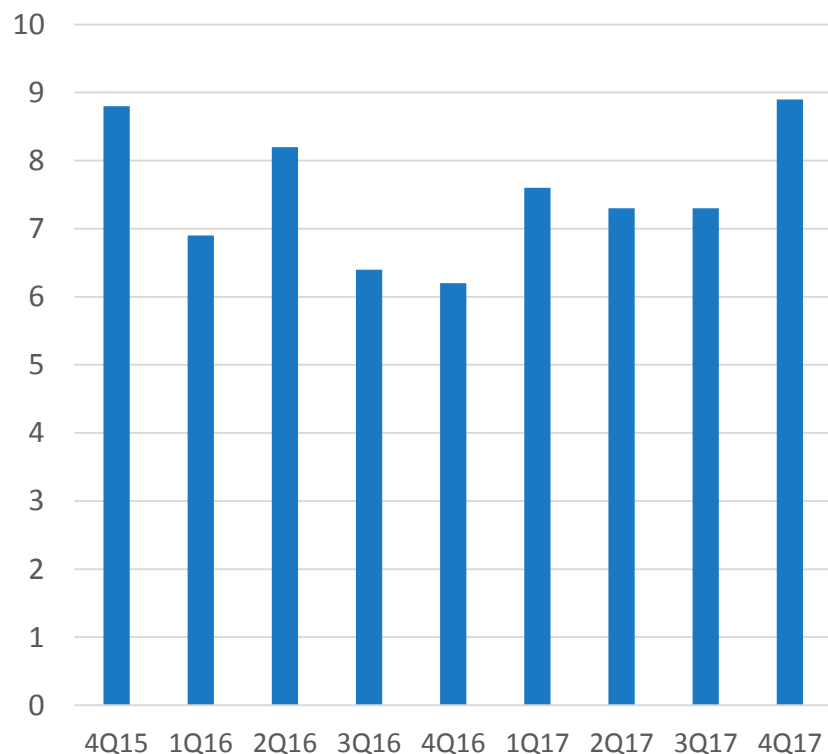
3. Outlook

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CEO

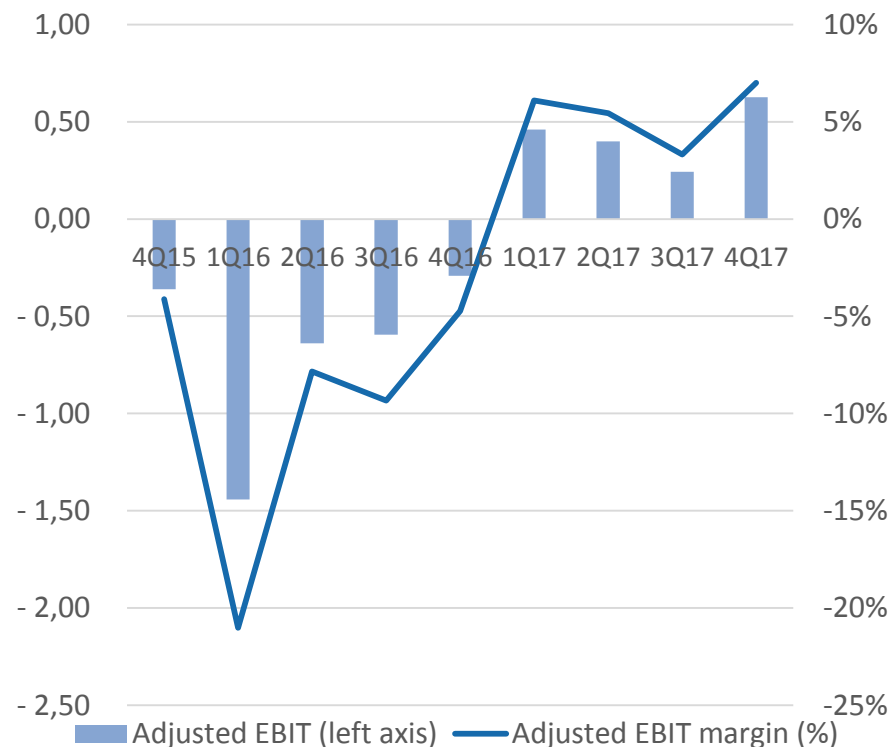


Revenue and adjusted EBIT trend

Revenue development (USDm)



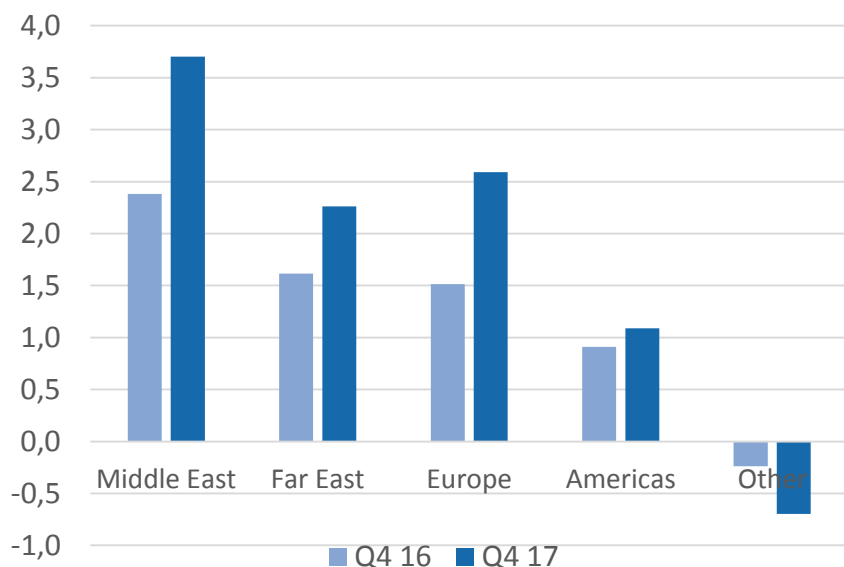
Adjusted EBIT development¹ (USDm, %)



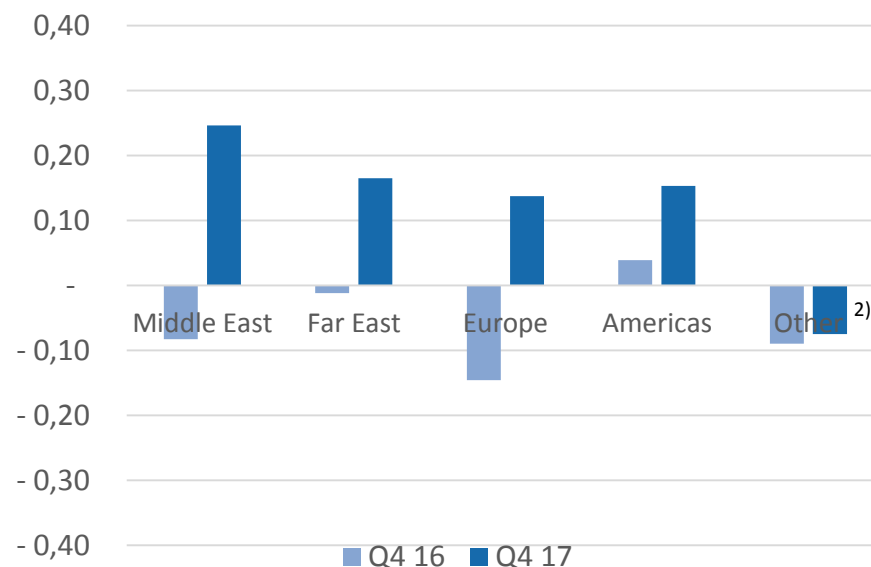
(1) Adjusted EBIT: Earnings before interest and taxes adjusted for goodwill impairments, share of net profit / (loss) from associates and impairment of loan to and investment in associates

Geographical split

Revenue split (USDm)



Adjusted EBIT¹ split (USDm)



- Regional revenue differences y-o-y for entities respectively in Middle East +55%, Far East +40%, Europe +71% and Americas +20%

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>	Q4 17	Q4 16	FY 17	FY 16
Total revenues	8,948	6,184	31,134	27,564
Payroll and payroll related expenses	(3,864)	(4,115)	(15,324)	(19,303)
Other operating expenses	(4,424)	(2,325)	(13,951)	(11,016)
Depr., amort. and impairment	(3,963)	(616)	(4,061)	(794)
Total operating expenses	(12,251)	(7,056)	(33,336)	(31,113)
Impairment of investment in associates	(2,919)	-	(2,919)	-
Share of net income from associates	(161)	(177)	(507)	(506)
Operating profit (loss) (EBIT)	(6,383)	(1,049)	(5,628)	(4,055)
Finance income	17	30	71	47
Finance expenses	2	3	0	(0)
Net foreign exchange gain (loss)	131	566	(776)	(10)
Profit (loss) before taxes	(6,233)	(450)	(6,333)	(4,018)
Income tax income (expenses)	3	199	(144)	144
Profit (loss) after taxes	(6,230)	(251)	(6,477)	(3,874)
Financial ratios				
<i>Adjusted EBIT</i>	<i>627</i>	<i>(293)</i>	<i>1,729</i>	<i>(2,970)</i>
<i>EBITDA</i>	<i>660</i>	<i>(256)</i>	<i>1,860</i>	<i>(2,755)</i>

- Revenues for Q4 2017 up 45% from Q4 2016
- EBITDA of USD 0.7 million
- Adjusted EBIT, excluding impairments and other charges, of USD 0.6 million
- Impairment of USD 6.9 million mainly related to investment in ADLER Solar and goodwill related to operations in Norway
- Results from associated companies amounted to a loss of USD 0.2 million

Balance Sheet

<i>Amounts in USD thousands</i>	31.12.2017	31.12.2016
Equipment	160	184
Intangible assets	13,063	16,257
Investment in associates	-	2,853
Loan to associates	-	289
Deferred tax assets	69	122
Trade receivables	7,886	5,475
Other current assets	3,033	2,815
Cash and cash equivalents	9,709	9,910
Total assets	33,920	37,905
Equity	28,451	33,081
Deferred tax liability	156	425
Other non-current liabilities	617	527
Trade payables	1,888	1,093
Other current liabilities	2,808	2,779
Total equity and liabilities	33,920	37,905
Financial ratios		
Net debt, USD thousands	(9,709)	(9,910)
Equity/Assets ratio, %	84%	87%

- Strong financial position, cash of USD 9.7 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>	Q4 17	Q4 16	FY 17	FY 16
Operating cashflow	(44)	(593)	(263)	(4,127)
Investing cash flow	17	(378)	(38)	(382)
Financing cash flow	-	(0)	-	(368)
Net change in cash and cash equivalents	(28)	(971)	(301)	(4,877)
Cash and cash equivalents beginning period	9,753	11,091	9,910	14,864
Net change in cash and cash equivalents	(28)	(971)	(301)	(4,877)
Net foreign exchange difference	(17)	(210)	100	(77)
Cash and cash equivalents end period	9,709	9,910	9,709	9,910

- Net operating cash flow of USD 0.0 million. Impacted by increase in net working capital

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CFO



3. Outlook
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CEO



Outlook for 2018

- There are increasing signs of recovery in the oil and gas market, but market conditions remain challenging in Europe and the Americas. The market in Middle East and Far East expected to be relative strong
- Aqualis' hourly / daily rates have been under severe pressure since 2015. Rates are expected to flatten out through 2018 and with increases for selected regions / business lines. The market for experienced marine consultants is becoming tighter and it is getting more challenging to recruit in certain regions
- Aqualis is preparing for an improved market and to continue to gain market share. We plan to hire more staff, subcontractors and add new service lines
- The order backlog development remains positive though visibility is still short term. Majority of revenues comes from call out contracts which are not included in backlog
- The offshore wind market is expected to remain competitive and maintain high activity level
- The financial situation of ADLER is 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		2 441 949	5,8
3	Carnegie Investment		1 580 886	3,7
4	MP PENSJON PK	NOM	1 527 228	3,6
5	AGITO HOLDING AS		1 350 000	3,2
6	Saxo Bank A/S	NOM	1 074 923	2,5
7	LGT Bank AG	NOM	1 016 830	2,4
8	Nordnet Bank AB		1 012 094	2,4
9	DIAB BADREDDIN		1 001 302	2,4
10	DnB NOR MARKETS, AKS DNB Bank ASA		1 000 000	2,4
11	OMA INVEST AS		900 000	2,1
12	LENOX PHILIP ALAN	NOM	830 583	2,0
13	GISLERØD MAGNE		800 000	1,9
14	JPMorgan Chase Bank, NORDEA TREATY	NOM	750 000	1,8
15	SIX SIS AG 25PCT ACCOUNT		623 786	1,5
16	ALSTO CONSULTANCY LT 1 ST FLOOR 5		598 122	1,4
17	BONNON IAN DENNIS		555 074	1,3
18	THEOFANATOS ANDREAS		512 188	1,2
19	Danske Bank A/S 3887 OPERATIONS SEC.		507 991	1,2
20	KULA INVEST AS		504 362	1,2
Top 20 shareholders			25 955 314	61,4

Source: VPS, 19.02.2018

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 Dec 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:

Restatement of APMs

During the period, management have amended the definition of the “Operating profit adjusted” and “Profit (loss) after taxes adjusted” by excluding share of net income from associates. The APMs has been amended to measure the underlying operating performance of Aqualis’ core business, excluding results from associates

EBITDA

Management believes that “EBITDA” which excludes share of net profit / (loss) from associates, depreciation, amortisation and impairments and impairment of investment in associates 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

