



Pareto Oil & Offshore conference

September 13, 2018

aqualis.no



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Aqualis at a glance – A leading global energy consultancy

OFFSHORE OIL & GAS



- Global presence with established market position
- Marine consultancy and engineering services
- Clients: Offshore asset owners, oil companies, EPC contractors, financial institutions, insurance companies, investors



OFFSHORE RENEWABLES



- Active in Europe, the US & Asia
- Engineering & project management consultancy
- Clients: Offshore wind farm developers, utilities, vessel owners, financial institutions, insurance companies, investors



18x offices in 14x countries

Leading niche player with strong track record

Strong financial position

ISO 9001 & OHSAS 18001

Listed on Oslo Stock Exchange



Global service offering

Quality

Flexibility

Experience

Aqualis – Our journey

Start up and expansion

Oil price fall:
Rationalisation and
adapt business model

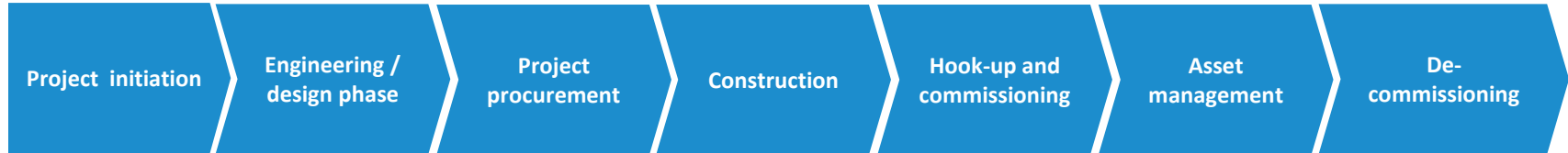
Strengthening
competitive position



Offshore Oil & Gas

- Service offering covering the life cycle of 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:

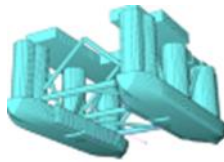
Site attendance on behalf of owners, shipyards, financial institutions, 3rd parties
 Conversions, upgrades & New-builds
 Due diligence / compliancy; financial community focus

Marine operations:

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

Inspection & approvals:

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



Aqualis' key competencies cover both offshore opex and capex cycles

Offshore Oil & Gas

- Strong track record and extensive client list

NOCs / IOCs



Offshore contractors / shipyards



Rig / vessel owners



Underwriters / financial institutions



Offshore renewables

- Service covering all needs in value chain

AQUALIS
OFFSHORE
MARINE & ENGINEERING SOLUTIONS



Business Intelligence

Market & Technology
Studies & Strategy



Transactions

Technical Due Diligence
Advisory

Projects

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

Offshore renewables

- Global Clients & Projects



Ocean Wind (US)
Bay State (US)
East Anglia ONE (UK)
East Anglia THREE (UK)
Hornsea 1 (UK)
Hornsea 2 (UK)
Hornsea 3 (UK)
Navitus Bay (UK)
Kentish Flats Ext (UK)
West of Duddon Sands (UK)
Galloper (UK)
Lincs (UK)
Barrow (UK)
Beatrice (UK)
Robin Rigg (UK)
Nearth na Gaoithe (UK)
London Array (UK)
Walney 1 & 2 (UK)
Gwynt y Mor (UK)
Wikinger (DE)
Borkum West II Phase 1 (DE)
Borkum West II Phase 2 (DE)
Nordsee Ost (DE)
Horns Rev 3 (DK)

Fecamp (FR)
Dunkirk (FR)
Gode 1 & 2 (DE)
Hohe See (DE)
Fecamp (FR)
Kincardine (Floating) (UK)
HyWind 1 (Floating) (UK)
Borssele 1 & 2 (NL)
Burbo Bank Extension (UK)
Race Bank (UK)
Dudgeon (UK)
Westernmost Rough (UK)
Gunfleet Sands (UK)
Ormond (UK)
Triton Knoll (UK)
Confidential Project (UK)
Demo Project (Floating) (S Korea)
Greater Changhua (Taiwan)
Confidential Project (Taiwan)

Offshore renewables

- Opening a new office in Taiwan

- OWC has established a new office in Taiwan to support the fast growing Taiwanese offshore wind sector
- OWC will offer offshore wind consultancy services and expertise to the Taiwanese and also focus on the wider Asia Pacific markets
- The OWC team has grown quickly to 5 FTEs in 3 months and are supporting a major project



2017/18 Highlights – a stronger company



Turnaround of core business

- Profitable the last 6 quarters
- EBITDA of USD 1.0m in 1H 2018



Strong operational performance

- Billing ratio of 84%¹ in Q2 2018
- 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
- Most regions improving performance, led by Middle East region



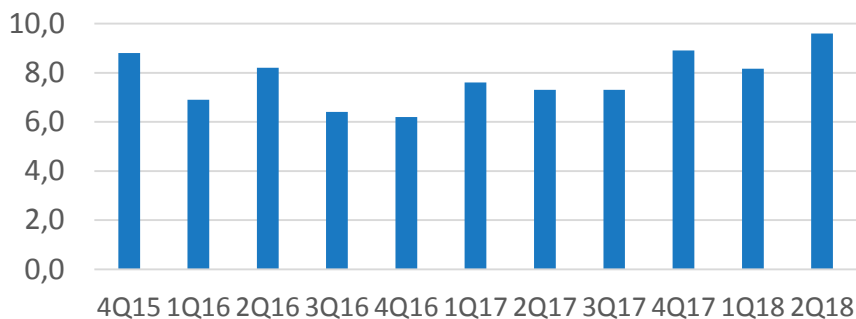
Payment of dividend to shareholders

- Dividend payments commenced

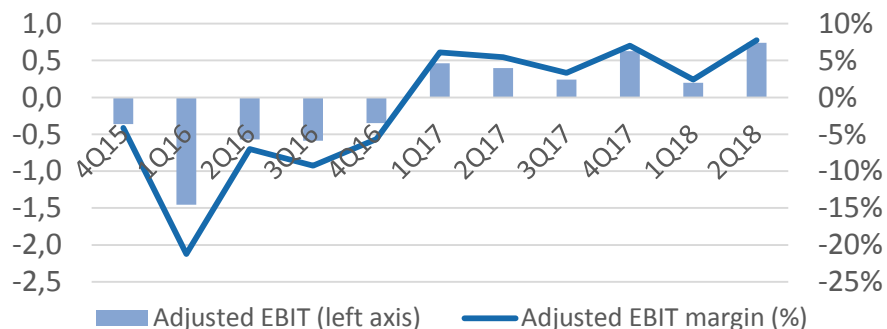
(1) Billing ratio for Technical Staff including subcontractors

Revenues and adjusted EBIT trend

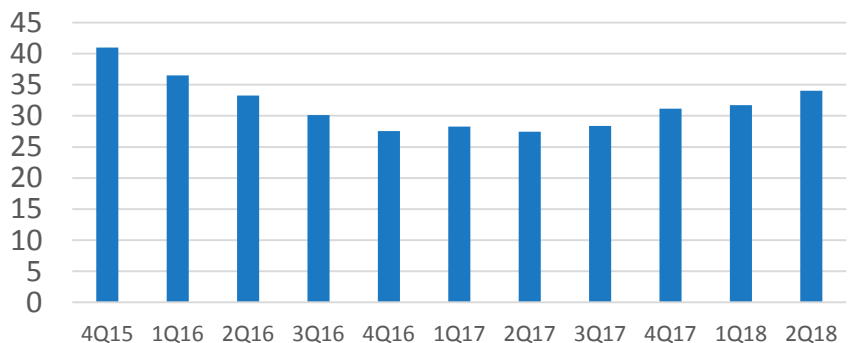
Revenues (USDm)



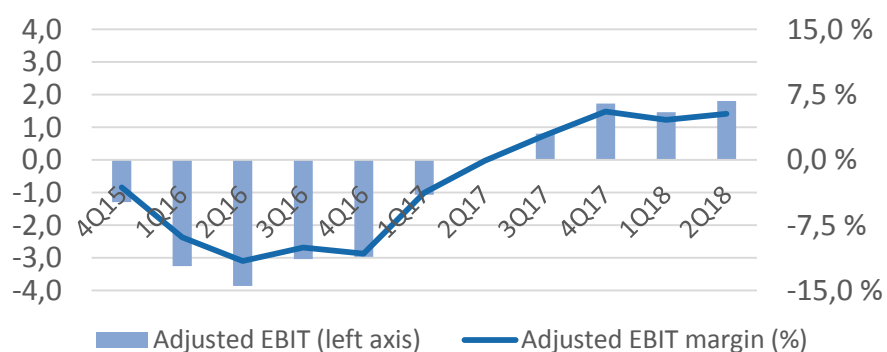
Adjusted EBIT¹ development (USDm, %)



Revenue LTM (USDm)

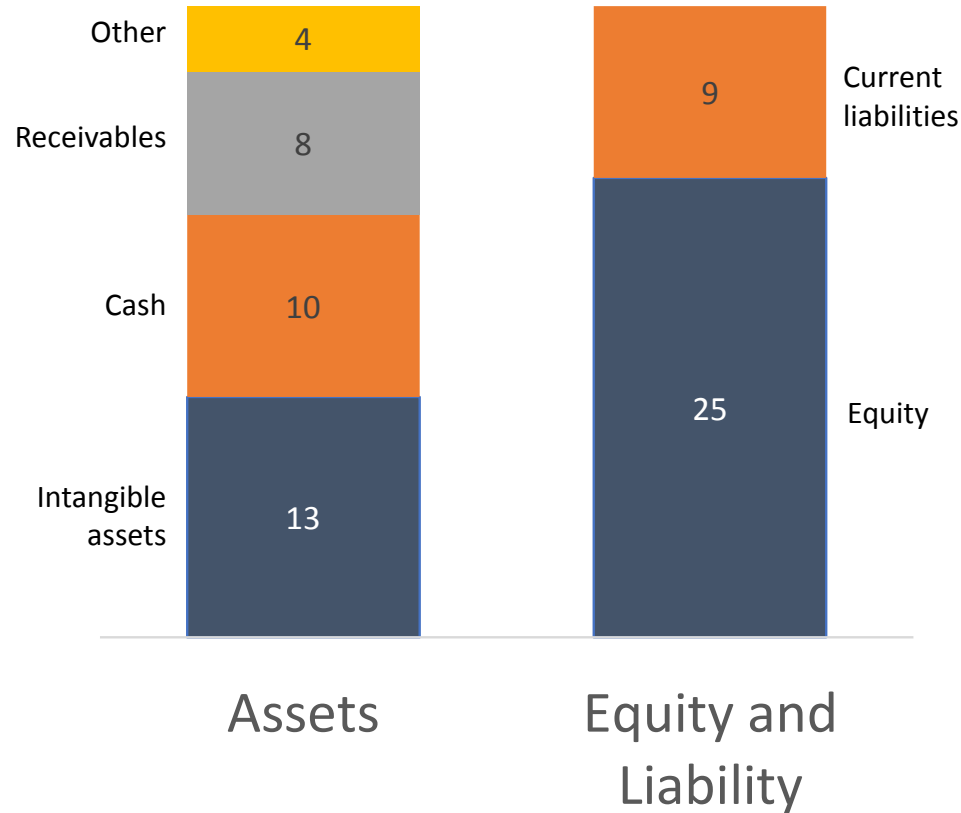


Adjusted EBIT¹ LTM (USDm, %)



(1) Adjusted EBIT: Earnings before interest and taxes adjusted for corporate restructuring costs in connection with the IPO in Q3 2014 for goodwill impairments, share of net profit / (loss) from associates and impairment of loan to and investment in associates

Strong balance sheet



- Figures as of Q2 2018
- Cash balance of USD 9.8 million
- No interest bearing debt
- Equity ratio of 73%
- Dividend of 0.90 NOK/share paid in July 2018

New Business Lines



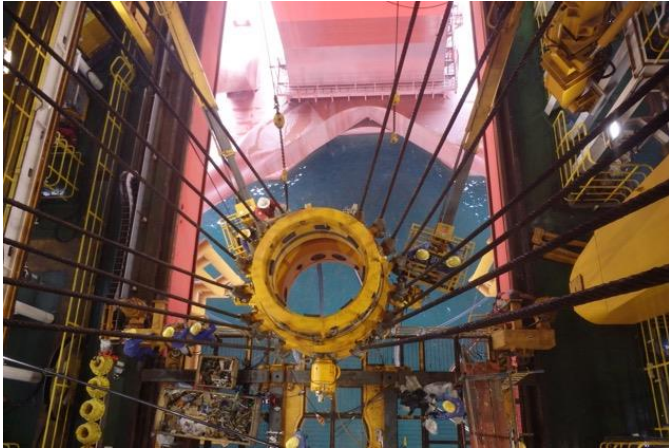
Rig Inspection service line

- 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



Rig Inspection service line

- Focused Equipment Inspections



Aqualis Offshore can also conduct area focused drilling system inspections typically using smaller teams to execute the inspections, examples of focused inspections being, but not limited to:

- Well Control Equipment Inspections.
- Well Control Gap Analysis.
- Cyberbased drilling equipment Inspections.
- Integrated Control Management Systems (ICMS) inspections.
- ROV System Assurance Inspections.

As with full rig inspection both equipment compliance and operability is verified based upon equipment age, statutory requirements, local requirements and industry standards.

Marine casualty Investigations

- We offer a range of marine damage investigation services to the shipping and offshore energy insurance markets. Sectors include cargo, construction, liability and hull & machinery surveys. Our surveyors have many years of experience carrying out insurance damage surveys on marine and offshore vessels.

Our services cover:

- Vessel hull and machinery damage surveys
- Damage to fixed and floating objects including collision assessment
- Casualty, Litigation , Expert witness
- Port and voyage risks
- Loss prevention services and loss of hire
- Personal injury
- Damage surveys of high value equipment and cargo
- Project cargo risk management
- Risk assessments and feasibility studies
- Shipbuilding & repair facilities procedures
- Salvage and wreck removal
- Moorings, structural design and failure analysis, intact/damage stability
- Additional services include vessel vetting and entry condition surveys



Selected recent projects



FPSO's P-75 & P-77 – Naval Architecture & Marine Operations

- Acting as Towmasters for the tow of the FPSO P-75 from Dalian, China to Rio Grande, Brazil and then to Santos Basin
- FPSO P-75 arrived in Brazil in early August and sailed to Santos Basin field on 31 August 2018.
- FPSO P-77 will depart from China in September 2018.
- Additional work includes Naval Architecture and Marine Operations, incl. Stability Manuals, and Tow Procedures to Santos Basin



Egina FPSO Station Keeping Project

- Contracted to provide 24/7 Station keeping masters for offshore operation to hold vessel in position with 4+1 tugs whilst being connected to a pre-installed mooring spread
- Egina FPSO will be spread moored on 16 lines (4 x 4). Located approx. 200km off coast of Nigeria in a water depth ~1470m
- Samsung Heavy Industries, the Engineering, Supply, Construction and Commissioning contractor, ocean towed the FPSO from South Korea to Nigeria (POSH Terasea tugs) and will organise the tow to the EGINA field
- Installation currently on going. First 4 anchors were connected mid last week and operation scheduled to complete this week



SAMSUNG HEAVY INDUSTRIES

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 successfully installed earlier in May 2018



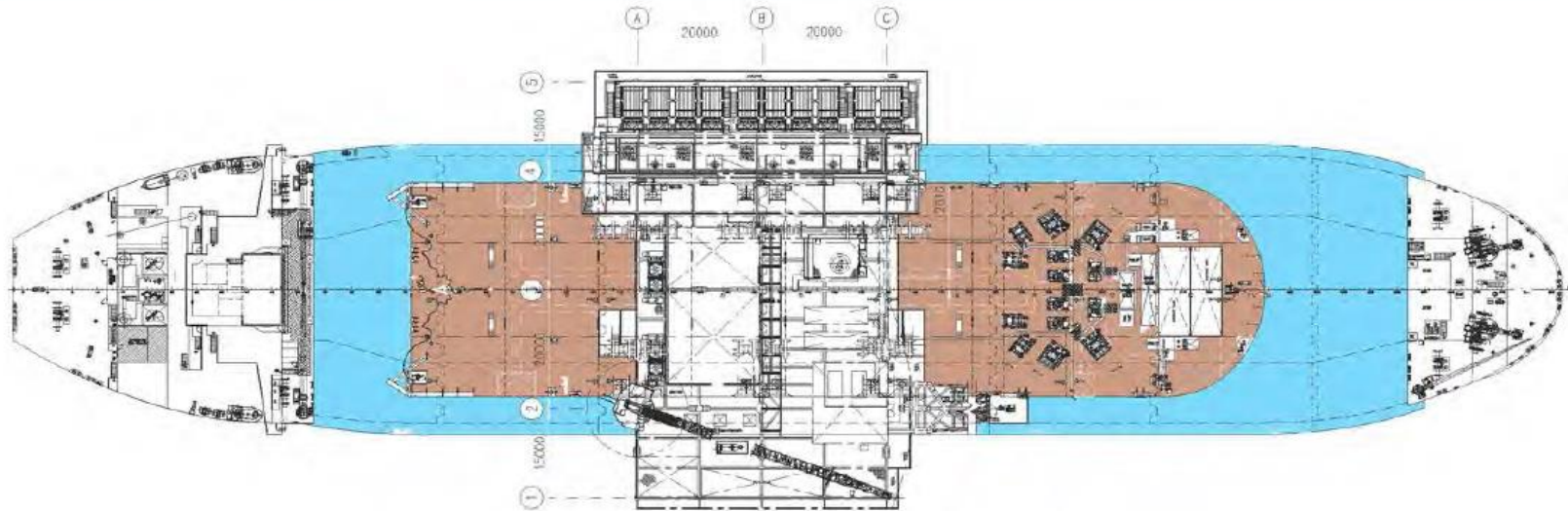
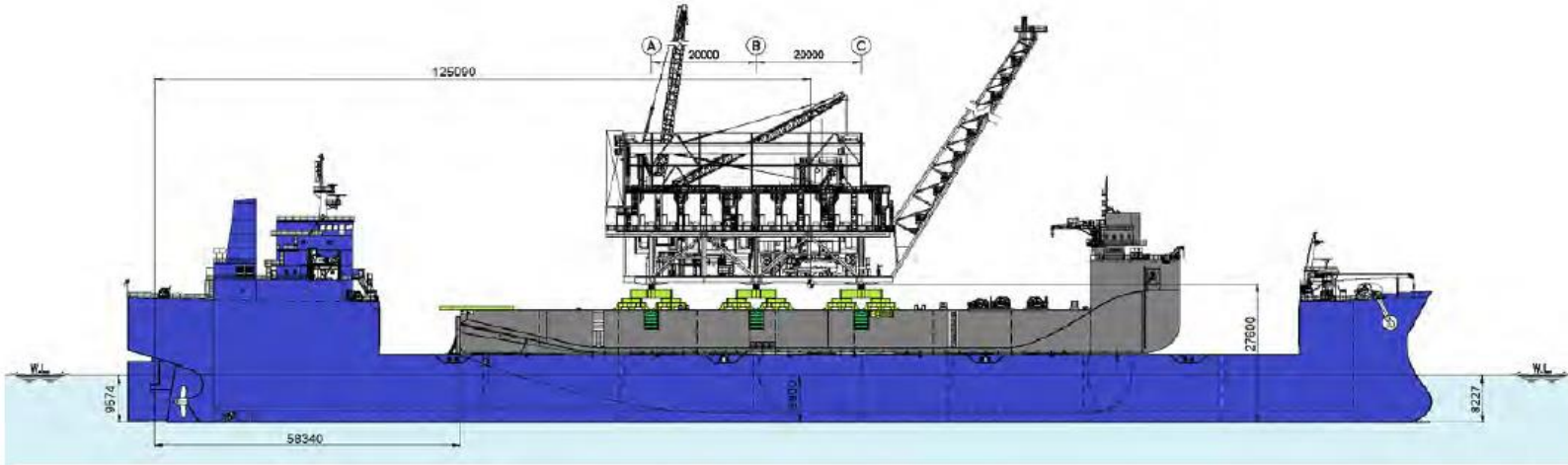
Bahrain LNG Terminal Project

– multi faceted loadout / marine operation

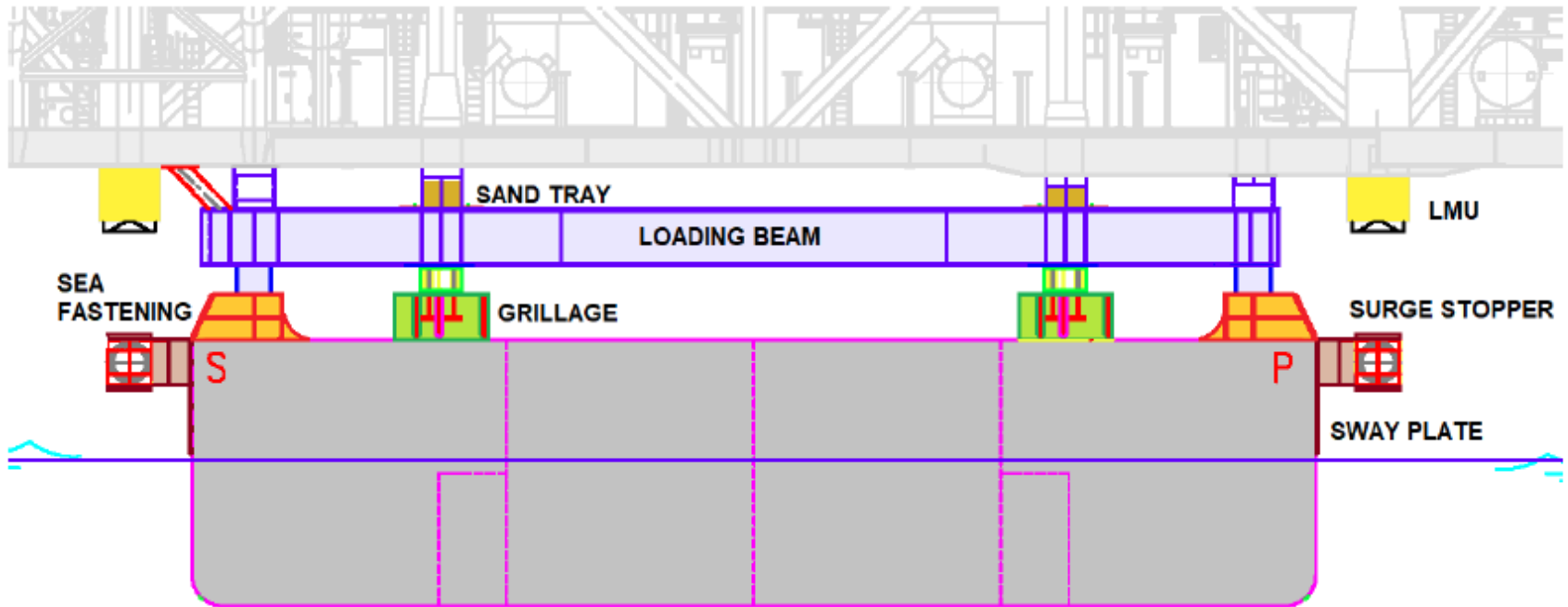
- Topside loadout took place in mid August onto a smaller installation “Giant 5” barge (depth of hull 8.50m)
- Barge and topside piggy backed onto a large self propelled dry transportation HLV – expected to sail about now
- Topside and installation barge to be discharged offshore Bahrain
- Topside to be installed by floatover within shallower water terminal area



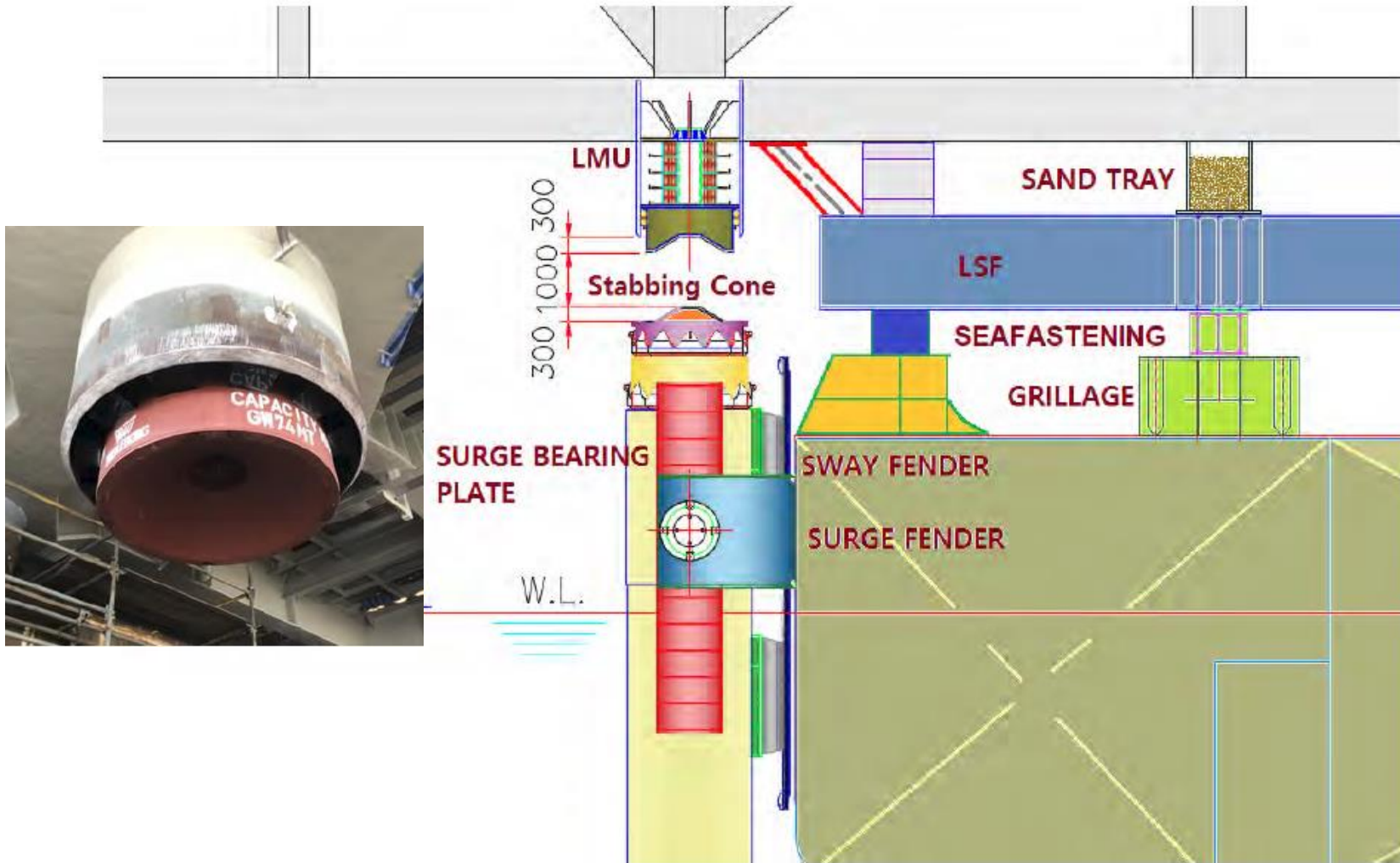
Bahrain LNG Terminal Project - Piggy-back Transportation Arrangement



Bahrain LNG Terminal Project - Floatover Arrangement



Bahrain LNG Terminal Project - Floatover Arrangement



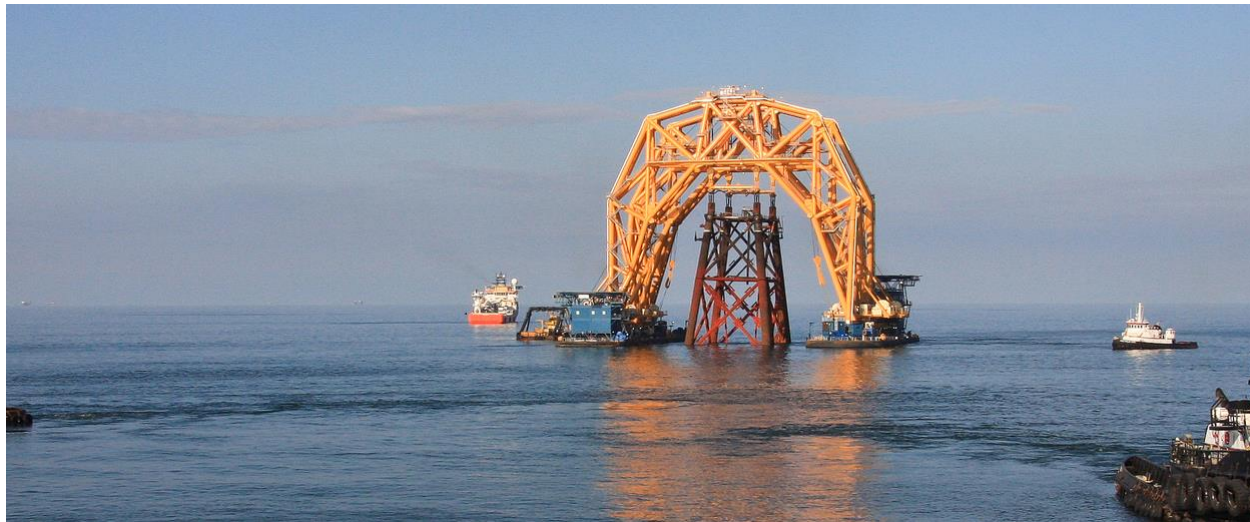
First set of “new build” rig inspections completed in China

- Aqualis Offshore have completed a program of rig inspections within China. The inspections were completed by members of both Shanghai and UK office teams.
- The Chinese team members provided invaluable support bring rig construction & Inspection experience to supplement our UK rig inspection teams experience.
- The Chinese team also provided technical translation support during the inspections allowing greater degree of communication between the rig owners and our inspection teams.



GOM - MP261JP Platform Decommissioning Project

- Removal of jacket and Topside using Versabar's VB 10000 twin truss crane



FPSO P-67 Dry Transportation China-Brazil

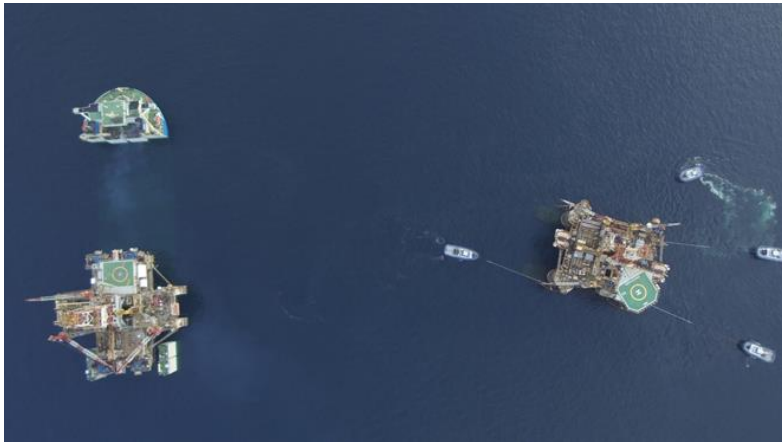


- MWS for the dry transportation of FPSO P-67 from China to Brasil and inshore mooring at Rio de Janeiro.



- Largest ever cargo transported by a Heavy Transport Vessel at 80,000 MT and 288m length

Dry Transportations



Dry Transportations



Rig Moving of 29 offshore drilling units in the Indian Ocean

- Aqualis Offshore assisted ONGC with the large majority of the pre-monsoon rig moves. These were completed, in close cooperation with ONGC's in-house rig move cell, by the company's specialist team of mariners
- Each of the 29 rigs were placed at their respective monsoon locations in April / May 2018 before the onset of the seasonal adverse weather conditions.
- The contract with ONGC has been re-renewed for the 2018/19 policy year



SNP/Star Consortium MWS for loadouts - KSA

- 2 MWS projects ongoing for loadouts in Saudi Arabia
- 7 deck modules for Marjan/Zuluf field
- 8 jackets and decks for Safaniyah field
- Attendance in Dammam shipyard, KSA



Triton Knoll Offshore Wind Farm

Triton Knoll offshore wind farm is a 90 x 9.5 MW Offshore Wind Farm of 860 MW in the UK.

- OWC were contracted to provide specific specialist project management services for Innogy's flagship offshore wind project
- This award followed on from supporting Innogy (RWE) on previous projects such as Gwynt y Môr, Nordsee Ost and Galloper offshore wind farms
- OWC carried out the work with personnel from its office in London, UK



Training for China Energy Engineering Corp.



- OWC were contracted to develop and deliver a training course on offshore wind construction and risk
- China Energy Engineering Corporation chose OWC's consultancy services to deliver this training in preparation of their first offshore wind project in China
- The scope of the training included the manufacture and installation of wind turbine foundations, offshore substations, wind turbines and the installation of subsea cables
- The training material was developed by OWC personnel in London, Germany and Asia and is being delivered by London and Asian based OWC staff



Outlook

- Sentiment is increasingly positive in the oil and gas market as seen by FID's increasing and expectations of higher asset utilisations medium term
- The marine consultancy market within Middle East remains strong and strengthening in the Far East, but remains challenging in particular in Europe and the Americas
- Rates are still highly competitive and putting pressure on service companies, but recent developments suggest rates have flattened out. It is already more challenging to recruit seasoned marine consultants
- The offshore renewables market has a strong outlook. Whilst OWC has strengthened its market position and has a good outlook for 2H 2018, rates and margins are generally under pressure. OWC is focusing on improving its margins and enhancing its service offering. OWC is expanding its footprint
- Aqualis aims to continue to gain market share and develop new business lines
- Consolidation is needed in the marine and engineering industry, including consultancy, to mitigate oversupply, rationalize global operations and achieve better economies of scale

Q&A



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

AQUALIS