February 12, 2016

Financial Highlights

- Sales NOK 7.9 billion in 4Q 2015 vs NOK 9.2 billion in 4Q 2014
- EBITDA NOK 182 million vs NOK 786 million a year earlier
- EBITDA margin 2.3% vs 8.6% a year earlier
- EBITDA margin ex. one-off items 8.9% vs 9.6% a year earlier
- EBIT loss NOK 155 million vs EBIT NOK 557 million a year earlier
- EBIT margin -2% vs 6.1% a year earlier
- EBIT margin ex. one-off items 6.1% vs 7.9% a year earlier
- Loss per share NOK 0.83 vs earnings per share NOK 1.30 a year earlier
- Order intake NOK 6.4 billion vs NOK 6.2 billion a year earlier
- Order backlog NOK 40 billion vs NOK 48 billion a year earlier
- Net cash NOK 301 million vs net debt NOK 397 million a year earlier

Aker Solutions made good progress on major projects from Africa to Norway and Brazil in the fourth quarter of 2015. Key deliveries included equipment to start drilling in November at the Kaombo development in Angola and components to enable first oil production in December at the Moho field in Congo.

The company won NOK 6.4 billion in orders in the quarter, up from NOK 6.2 billion a year earlier. These included a maintenance and modifications framework contract with BP in Norway and a framework agreement for offshore engineering and construction services in the UK North Sea. Aker Solutions saw strong demand for its front end engineering capabilities, securing 35 study awards, including for projects in Norway, Australia, Canada, the U.S. and Africa.

The order backlog was NOK 40 billion at the end of the quarter, more than two-thirds of which was for projects to be delivered outside Norway, with the biggest share in West Africa. The financial position was robust at the end of the period, with a liquidity buffer of 9 billion kroner. The company had net cash of NOK 301 million at the end of the quarter, compared with net debt of NOK 397 million a year earlier.

Aker Solutions made steady progress in the quarter on a global improvement program to boost cost-efficiency by at least 30 percent.

"Our consistently strong execution is the result of a ceaseless focus on improving operations and bringing down costs to the benefit of both customers and shareholders," said Luis Araujo, chief executive officer of Aker Solutions. "We have a healthy order backlog, strong financial position and international presence that will benefit us even as our industry continues to face uncertainty amid very challenging market conditions."

Revenue decreased to NOK 7.9 billion in the quarter from NOK 9.2 billion a year earlier amid declining market activity, particularly in the North Sea. The company posted a loss before interest and taxes of NOK 155 million, compared with earnings before interest and taxes (EBIT) of NOK 557 million a year earlier. The EBIT margin was minus 2 percent compared with 6.1 percent a year earlier. The quarter was burdened by NOK 636 million in one-off costs, including NOK 373 million in restructuring and capacity reduction costs and a provision of NOK 114 million to cover lease costs on vacated office space. Excluding one-off items, the margin was 6.1 percent in the quarter.

The company is streamlining both its MMO and subsea businesses to strengthen operations and enhance competitiveness. These efforts are expected to yield annual savings of 600 million kroner. As announced earlier, Aker Solutions may reduce capacity in its Norwegian MMO business by an additional 900 positions this year to adjust to market conditions. This would bring total reductions since summer 2014 to about 25 percent of the global workforce, about three-quarters of which are in the MMO and subsea businesses in Norway. Aker Solutions will continue to be vigilant on capacity while protecting key competence.

Aker Solutions has two reporting segments: Subsea and Field Design. Subsea revenue declined in the fourth quarter to NOK 4.8 billion from NOK 5.5 billion a year earlier amid lower activity levels, particularly in the North Sea. The EBIT margin narrowed to 1.5 percent from 7.6 percent, impacted by NOK 134 million in costs of adjusting the workforce capacity and restructuring the global subsea organization. Excluding one-off items the margin was 6.6 percent in the quarter.

Revenue in Field Design, which consists of MMO and Engineering, slipped to NOK 3.2 billion in the quarter from NOK 3.7 billion a year earlier. The EBIT margin was minus 1.6 percent in the quarter, compared with 6 percent a year earlier, impacted mainly by restructuring costs of NOK 220 million in MMO. Excluding one-off items the margin was 6.4 percent in the quarter.

The board of directors proposes no dividend for 2015. While Aker Solutions had a solid financial position at the end of last year, the board deems it prudent to exercise caution amid the current uncertain market outlook. The company maintains its policy of paying a dividend of 30-50 percent of net profit over time.

Outlook
The markets are challenging and projects are being postponed across the industry. But there are signs that cost-cutting efforts are having an effect as break-even costs are coming down. This may allow some major developments to be sanctioned in the next 12-18 months. With the exception of the North Sea Johan Sverdrup project, activity offshore Norway is expected to remain subdued over the next year. Aker Solutions' greatest growth potential is outside of Norway, where the company has been expanding. The company's tendering activity remains steady and currently totals about NOK 50 billion.

Aker Solutions is well-placed in key growth regions of the global deepwater and subsea markets to provide the capabilities and technology to tackle the challenges of lowering costs and improving recovery rates.

In Subsea, Aker Solutions targets a move over time toward peer-group margins and a return on average capital employed (ROACE) of 20-25 percent in the medium term. This compares with a ROACE of 15 percent in the fourth quarter. Margins in Field Design are expected to gradually improve, with the biggest movement in MMO. The company expects to at least maintain its market share in all business areas.

ENDS

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4Q 2015 Report
4Q 2015 Presentation
