This is a correction of the announcement from 07:00 09.02.2017 CET. Reason for the correction:
EBITDA ex. special items has been corrected to NOK 327 million from NOK 32.7 million in the Subsea table on page 13 in the report. The updated 4Q 2016 report is attached.

February 9, 2017

Financial Highlights

- Sales NOK 6.1 billion in 4Q 2016 vs NOK 7.9 billion in 4Q 2015
- EBITDA NOK 380 million vs NOK 182 million a year earlier
- EBITDA margin 6.2% vs 2.3% a year earlier
- EBITDA margin ex. special items 8.8% vs 8.9% a year earlier
- Loss before interest and taxes NOK 232 million vs NOK 155 million a year earlier
- EBIT margin -3.8% vs -2% a year earlier
- EBIT margin ex. special items 5.6% vs 6.1% a year earlier
- Loss per share NOK 1.07 vs NOK 0.83 a year earlier
- Earnings per share ex. special items NOK 0.62 vs NOK 0.96
- Order intake NOK 4.1 billion vs NOK 6.4 billion a year earlier
- Order backlog NOK 31.2 billion vs NOK 39.7 billion a year earlier
- Board recommends zero dividend for 2016

Aker Solutions delivered strong execution on major projects globally and pushed ahead of schedule with improvement efforts that supported margins in the fourth quarter of 2016.

The company has completed about two-thirds of a program to boost cost-efficiency across the business by at least 30 percent by the end of 2017. It is also driving through a reorganization to streamline and strengthen operations after establishing five delivery centers in November that replaced the former business area structure.

"Our companywide operational improvements gathered pace in the quarter, supporting margins amid the sustained slowdown in the oil and gas industry," said Luis Araujo, chief executive officer of Aker Solutions. "We are also benefiting from a solid financial position and good customer relationships as we quarter-by-quarter deliver consistently strong execution on projects from Norway to Brazil and Africa."

The company in the quarter acquired 70 percent of Brazilian C.S.E. Mecânica e Instrumentação Ltda., building on a strategy to expand its services business internationally. It won NOK 4.1 billion in orders, including two contracts from DEA to deliver the subsea production system, maintenance and services at Norway's Dvalin development and two framework agreements from BP for concept and front-end engineering services globally. The company saw continued solid interest in its front-end engineering capabilities, winning 24 study awards for projects in Norway, the U.S., West Africa and Asia Pacific. This brought the total number of studies won last year to a record of more than 80.

The order backlog was NOK 31.2 billion at the end of the quarter, about 60 percent of which was for projects outside Norway. Finances were solid, with a liquidity buffer of NOK 7.5 billion at the end of the period.

The board of directors proposes that no dividend payment be made for 2016. While Aker Solutions had a solid financial position at the end of 2016, the board deems it prudent to exercise caution amid continued uncertainty about the outlook for the oil and gas industry. The company maintains its policy of paying a dividend of between 30 and 50 percent of net profit over time.

Aker Solutions' revenue decreased to NOK 6.1 billion in the quarter from NOK 7.9 billion a year earlier amid the global market slowdown. The company posted a loss before interest and taxes of NOK 232 million in the quarter compared with a loss of NOK 155 million a year earlier. This was equal to a margin of minus 3.8 percent versus minus 2 percent a year earlier.

Earnings were negatively impacted by special items of NOK 574 million compared with a negative impact of NOK 636 million a year earlier. Excluding special items, the company had earnings before interest and taxes (EBIT) of NOK 342 million in the quarter versus NOK 481 million a year earlier while the margin was 5.6 percent versus 6.1 percent.

Aker Solutions has two reporting segments: Subsea and Field Design. Subsea revenue fell to NOK 3.4 billion in the quarter from NOK 4.8 billion a year earlier as demand slowed and some projects neared completion. The EBIT margin contracted to minus 7.6 percent from 1.5 percent a year earlier, impacted by NOK 391 million in impairment charges on technology and plant property and NOK 31 million in restructuring costs. Excluding special items, the margin was 4.9 percent in the quarter.

Revenue in Field Design, which consists of MMO and Engineering, declined to NOK 2.8 billion in the quarter from NOK 3.2 billion a year earlier. The decrease was driven by MMO, where some major projects neared completion and volumes were small from start-up projects. The EBIT margin improved to 6.2 percent in the quarter from minus 1.6 percent a year earlier, helped by good project execution, improved activity levels in MMO and high capacity utilization in Engineering. Excluding special items, the margin was 7.2 percent in the quarter.

Outlook

The outlook for oil services remains challenging. There are some signs of a recovery, primarily in the brownfield segment, and oil prices are seen stabilizing at a higher level in 2017. Increased demand for front-end engineering services is also an early indication of a pickup in activity ahead. Industry cost cuts are having an effect, with break-even costs coming down on developments. This is expected to spur new industry investments and project sanctions this year. Tendering activity is healthy and totals about NOK 50 billion.

As previously indicated, the company sees overall revenue down by about 10-15 percent in 2017 from the prior year as an anticipated modest pickup in activity for maintenance and modifications services is offset by weaker subsea volumes. Underlying EBITDA margins are seen slightly down year-on-year due to a continued market slowdown and changing revenue mix. This will be partially offset by a continued strong momentum from the company's global improvement program.

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4Q 2016 Presentation
4Q 2016 Report
