



Aker ASA

**Fourth-quarter and  
preliminary annual results 2018**

# Highlights

## Key figures prior to dividend allocation (Aker ASA and holding companies)

- 2018 was a year with continued strong industrial development and value creation to Aker's shareholders:
  - The Aker share gained 19.1 per cent, dividend included, compared to a 1.8 per cent decline in the Oslo Stock Exchange's benchmark index ("OSEBX").
  - The net asset value ("NAV") of Aker ASA and holding companies ("Aker") stood at NOK 41.7 billion at the end of the fourth quarter, on par with year-end 2017. In addition, a NOK 1.3 billion dividend was paid to shareholders in May.
  - Aker generated NOK 2.2 billion in upstream cash, up from NOK 1.6 billion in 2017.
  - Aker's liquidity reserve, including undrawn credit facilities, stood at NOK 5.2 billion as per year-end 2018 and the value adjusted equity ratio was 82 per cent, compared to 83 per cent as per year-end 2017.
  - Aker's Board of Directors proposes a payment of NOK 22.50 per share cash dividend for 2018 (4.9 per cent yield to the share price and 4.0 per cent of NAV at the close of 2018).
- Geopolitical uncertainties, increased volatility and an oil price decline of 35 per cent led to a financially weak fourth quarter:
  - The Aker share decreased 37.1 per cent, compared to a 14.8 per cent decrease in the OSEBX.
  - NAV fell 34.0 per cent to NOK 562 per share, compared to NOK 852 per share as of 30 September 2018.
  - The value adjusted equity ratio decreased 5.8 percentage points from 87 per cent in the prior quarter.

## Key events in the quarter

- Aker BP entered into an agreement with Equinor to acquire its 77.8 per cent interest in the King Lear discovery for a cash consideration of USD 250 million.
- Aker BP received a USD 1.5 billion settlement of the tax losses in Hess Norge AS from Norwegian tax authorities.
- Ocean Yield announced the investment in two chemical tankers with 12-year charters to Ardmor Shipping Corporation for a total consideration of USD 51 million, net of pre-paid charter hire.
- Aker Solutions announced the award of a NOK 1.7 billion order from CNOOC to provide subsea production system and umbilicals for the Lingshui 17-2 field.
- Kvaerner announced a NOK 900 million contract with Equinor for the delivery of the steel substructure for the Johan Sverdrup Phase II process platform.

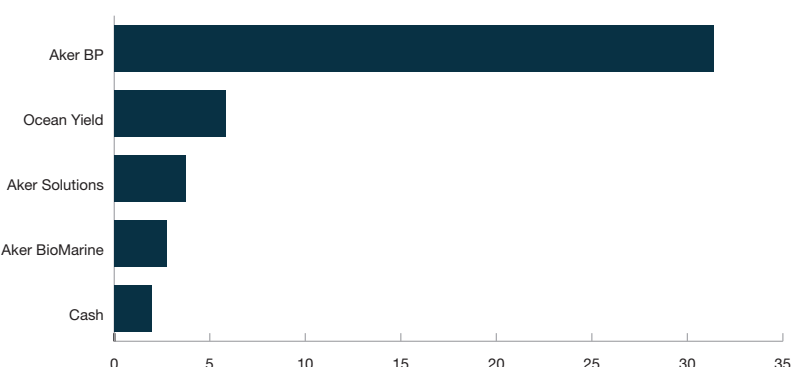
## Key subsequent events

- Aker Energy announced a successful drilling operation of the Pecan-4A appraisal well offshore Ghana. Based on the results, existing discoveries in the block are estimated to contain gross contingent resources (2C) of 450-550 mmbob, with an additional 150-450 mmbob in estimated potential volume upside to be verified by drilling of additional two appraisal wells.
- Aker BP announced that the company intends to raise the dividend level in 2019 to USD 750 million, up from USD 450 million paid in 2018. The ambition is to increase the dividend by USD 100 million annually to 2023. The increase in dividends in 2019 represents an additional USD 120 million in upstream cash to Aker. Aker BP also announced the award of 21 new production licenses, of which 11 as operator, in the APA 2018 licensing round.
- Kvaerner's board of directors proposed a NOK 1 per share dividend.
- Ocean Yield announced an option agreement with Aker Energy for a long-term bareboat charter of FPSO Dhirubhai-1.

## Main contributors to gross asset value

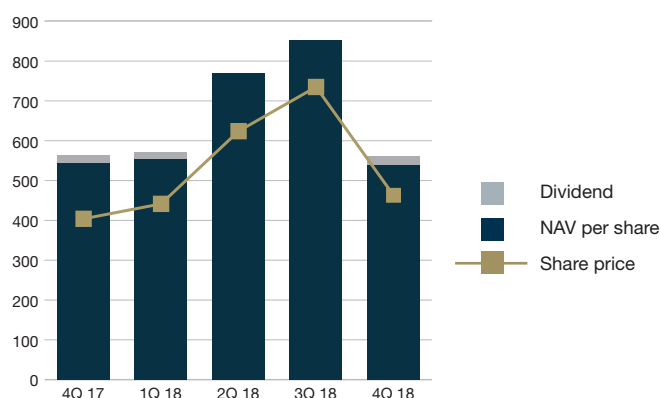
(NOK billion)

Representing 89 per cent of total gross asset value of NOK 51.2 billion



## Net asset value and share price

(NOK per share)



The balance sheet and income statement for Aker ASA and holding companies (Aker) have been prepared to show the financial position as a holding company. Net asset value (NAV) is a core performance indicator at Aker ASA. NAV expresses Aker's underlying value and is a key determinant of the company's dividend policy (annual dividend payments of 2-4 per cent of NAV). Gross asset value is determined by applying the market value of exchange-listed shares, while book value is used for other assets. Net asset value is gross asset value less liabilities.

## Letter from the CEO

Dear fellow shareholders,

**Despite a fourth quarter impacted by oil price decline and capital market turmoil, 2018 became yet another year with attractive value creation to Aker's shareholders. In total, our share price, dividend adjusted, rose 19.1 per cent. A proposal to pay NOK 22.50 per share in cash dividend for the fiscal year 2018 reflects both the strong industrial development, a robust balance sheet and a prosperous outlook.**

Our policy is to pay between 2 and 4 per cent of Net Asset Value as per year-end in cash dividend to our shareholders. The dividend policy has been consistently applied since 2006. In 2018, Aker's NAV ended at NOK 562 per share. Hence, the dividend proposed is in the upper end of the range and corresponds to a 4.9 per cent direct yield on the share price at year-end.

I don't need many words to explain the value decline last quarter (Aker's NAV was down 34 per cent): oil prices dropped by 35 per cent in the quarter and capital market volatility increased due to geopolitical uncertainties.

Managing volatility is core business at Aker. We keep a steady course and focus on the long term objectives, maintain financial flexibility with increasing upstream cash flow, pursue countercyclical transaction opportunities and spend time on value drivers that we can impact rather than external factors beyond our control. Hence, I'm pleased to say that the value decline last quarter did not affect the underlying development of our investments. Rather to the contrary. Good and important progress was made in our portfolio companies.

Our new venture in Ghana, Aker Energy, did not exist a year ago. Today, a team of 150 Aker Energy employees has successfully completed its first appraisal well at more than 2,600 meters water depth, verified contingent resources of 450–550 mmboe and is in the process of finalizing a Plan of Development (PoD) to be filed with the authorities by the end of March. Two more wells are about to be drilled. Appraisal drilling is always associated with uncertainties, but Aker Energy estimates that the potential may almost equal the resources already discovered. After the PoD has been approved, the plan is to invite other investors to participate through an IPO or another transaction. Needless to say, 2019 will be an exciting and decisive year for Aker Energy. The potential is significant, but complexity remains high and risks need to be carefully managed.

Cognite is another non-listed portfolio company which made good progress last year. Two and a half year after its inception, a team of more than 150 software experts and other employees is providing software technologies to an increasing number of clients in asset and sensor heavy industries, like oil and gas, power distribution, manufacturing and shipping. With software-as-a-service (SaaS) as the main business model, Cognite already generates positive cash flow and is, hence, able to fund continued growth from its own sources. The ambition this year is to double revenues by increasing presence in existing domains and expanding geographically. New hubs in the US and Japan are milestones in the business plan for 2019. The vast majority of the growth is expected to come from new customers outside the Aker group. Organic growth is the priority for Cognite this year. In the long-term, investors may be invited to participate more broadly, because an IPO is part of our ownership agenda for Cognite. And starting from first quarter, both Cognite and Aker Energy will be included in Aker's Industrial Holdings portfolio.

Increasing upstream cash flow to Aker has been a main objective since I became CEO ten years ago. It is a design criterion for our portfolio rather than an absolute requirement to each individual company. In 2018, we received NOK 2.2 billion in cash dividend from our portfolio companies and this year we are expecting even more. Aker BP has taken the pole position also in this respect, followed by Ocean Yield.

At the Aker BP capital markets day a few weeks ago, the company lifted the bar and announced an amended dividend policy. This year, the plan is to pay USD 750 million in cash dividend to the Aker BP shareholders, of which Aker will receive USD 300 million. That is more from Aker BP alone than the total nominal dividends received by us from the entire portfolio last year. In 2019, we expect annual upstream cash flow to exceed NOK 3 billion. And the trajectory continues to increase, primarily because Aker BP has a policy to add another USD 100 million in dividend each year.

In addition to increasing upstream cash flow to Aker and an attractive dividend to our shareholders, the third financial KPI at Aker is to increase NAV with no less than 12 per cent per year on average over the cycle. Since Aker was re-listed in 2004, we have generated 20 per cent annual NAV growth, dividends included, and a 27 per cent annual total return. The figures speak for themselves. In 2018 we did not meet that KPI due to the decline in oil and share prices, but 2019 has started out well with the share price and NAV up 33 and 26 per cent, respectively.

We create value partly by exercising active ownership in our portfolio companies and partly by capital allocation and transactions which by nature may be more opportunistic. The combination of deep industry domain expertise and innovative entrepreneurship is what I believe differentiates Aker from most of our peers. Markets will continue to fluctuate, but that is also an opportunity to act countercyclical. This has already generated good value, but with all the opportunities in our current portfolio, it is fair to assume that there is more to come. That is what inspires us to walk the extra mile – every single day.

Let me finish with a few words about The World Ocean Headquarter - our initiative to establish a global center of competency for ocean and environment related issues, solutions and activities. A majority of political parties in Bærum (Norway) have stated that they will turn down the idea to house The World Ocean Center in "The Big Blue", a 64 floors and 250 meter tall building. The position has been taken even before any application has been submitted to the municipality. Reactions triggered by the height of the building overshadowed the greater purpose. Aker remains, however, committed to establish The World Ocean Headquarter, including developing a property which becomes a symbol that will remind the world about this critical task at hand. A center of competency for ocean and environment is also expected to play an important role in making business enterprises like Aker a part of an holistic solution and contribute to an industry transformation required to make the world sustainable for generations to come. Hence, Aker will now engage with politicians and other stakeholders sharing our vision and explore alternative ways to realize The World Ocean Headquarter in Bærum or another location. The need and importance of such a center are simply too big to fail.



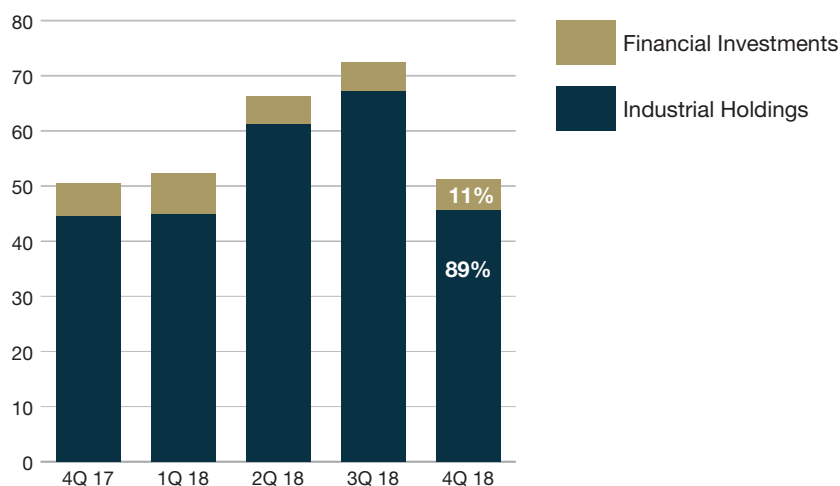
Øyvind Eriksen  
President and CEO

## Aker ASA and holding companies Assets and net assets value

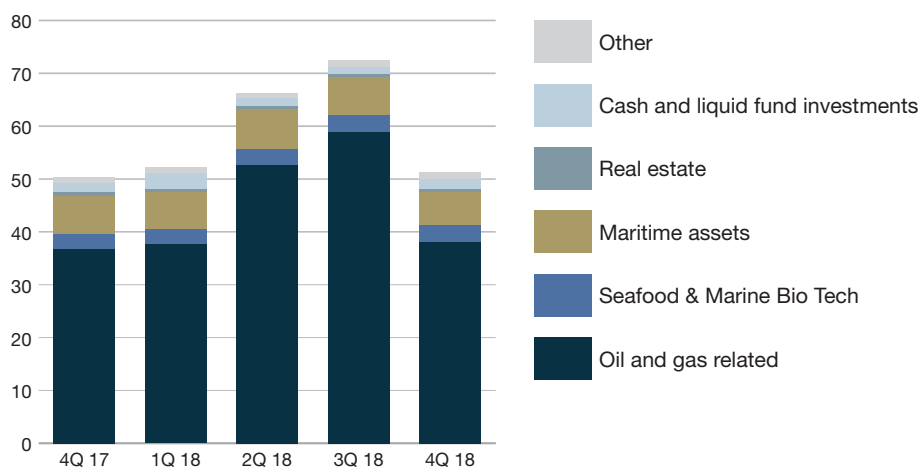
### Net asset value (NAV) composition - Aker ASA and holding companies

	31.12.2017		30.09.2018		31.12.2018	
	NOK/share	NOK million	NOK/share	NOK million	NOK/share	NOK million
Industrial Holdings	600	44 560	904	67 125	<b>614</b>	<b>45 625</b>
Financial Investments	78	5 829	72	5 369	<b>75</b>	<b>5 588</b>
<b>Gross assets</b>	<b>678</b>	<b>50 389</b>	<b>976</b>	<b>72 495</b>	<b>690</b>	<b>51 213</b>
External interest-bearing debt	(112)	(8 343)	(120)	(8 897)	<b>(123)</b>	<b>(9 160)</b>
Non interest-bearing debt (4Q before dividend allocations)	(4)	(275)	(4)	(313)	<b>(4)</b>	<b>(309)</b>
<b>NAV (4Q before dividend allocations)</b>	<b>562</b>	<b>41 771</b>	<b>852</b>	<b>63 285</b>	<b>562</b>	<b>41 744</b>
Net interest-bearing receivables/(liabilities)		(5 608)		(6 592)		<b>(6 230)</b>
Number of shares outstanding (million)		74.296		74.269		<b>74.269</b>

#### Gross assets (NOK billion)



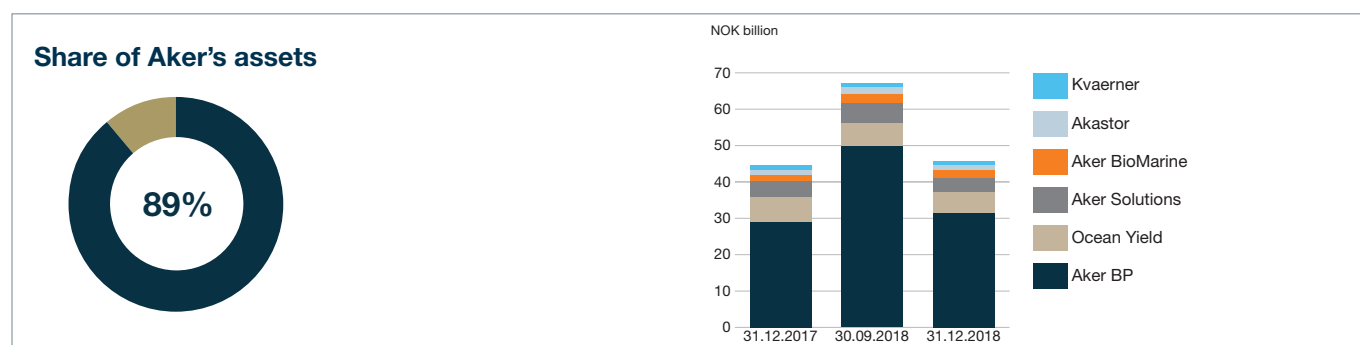
#### Gross assets per sector (NOK billion)



Net asset value ("NAV") is a core performance indicator at Aker ASA. NAV expresses Aker's underlying value and is a key determinant of the company's dividend policy (annual dividend payments of 2-4 per cent of NAV). Net asset value is determined by applying the market value of exchange-listed shares, while book value is used for other assets. Aker's assets (Aker ASA and holding companies) consist largely of equity investments in the Industrial Holdings segment, and of cash, receivables and fund investments in the Financial Investments segment. Other assets consist mainly of intangibles and tangible fixed assets. The charts above show the composition of Aker's assets. The business segments are discussed in greater detail on pages 5-7 of this report.

## Aker – Segment information

### Industrial Holdings



Amounts in NOK million	Ownership in %	31.12.2017	30.09.2018	4Q 18				31.12.2018
		Value	Value	Net investments	Received dividends	Other changes	Value change	Value
Aker BP	40.0	29 083	49 755	-	(378)	-	(17 973)	<b>31 403</b>
Ocean Yield	61.7	6 828	6 543	-	(159)	-	(568)	<b>5 816</b>
Aker Solutions	34.8	4 368	5 475	-	-	-	(1 725)	<b>3 750</b>
Aker BioMarine*	100.0	1 411	2 411	-	-	-	-	<b>2 411</b>
Akastor	36.7	1 649	1 778	-	-	-	(465)	<b>1 313</b>
Kvaerner	28.7	1 220	1 163	-	-	-	(232)	<b>931</b>
<b>Total Industrial Holdings</b>		<b>44 560</b>	<b>67 125</b>	<b>-</b>	<b>(538)</b>	<b>-</b>	<b>(20 962)</b>	<b>45 625</b>

\*Reflected at book value

The total value of Aker's Industrial Holdings fell by NOK 21.5 billion in the fourth quarter to NOK 45.6 billion, mainly due to a NOK 21.0 billion negative value change. Aker received NOK 538 million in dividend payments from Aker BP and Ocean Yield in the quarter. The value of Aker's Industrial Holdings stood at NOK 67.1 billion as of 30 September 2018 and NOK 44.6 billion as of 31 December 2017.

Of the NOK 21.0 billion negative value change in the quarter, Aker BP stood for NOK 18.0 billion, Aker Solutions for NOK 1.7 billion, Ocean Yield for NOK 568 million, Akastor for NOK 465 million and Kvaerner for NOK 232 million.

The book value of Aker's non-listed holding, Aker BioMarine, remained at NOK 2.4 billion as per 31 December 2018.

### Aker BP

Aker BP is a fully-fledged E&P company operating on the Norwegian Continental Shelf ("NCS") with a business model built on safe operations, lean principles, technological competence and industrial cooperation to secure long-term competitiveness. Aker BP reported an EBITDAX of USD 692 million in the fourth quarter, while production averaged 155.7 kboed. In the quarter, Aker BP completed the acquisition of the 77.8 per cent interest in the King Lear discovery from Equinor and the acquisition of a portfolio of 11 licenses from Total E&P Norge. Combined consideration was USD 455 million. Subsequent to quarter end, Aker BP announced the award of 21 new production licenses, of which 11 as operator, in the APA 2018 licensing round, and made the Froskelår Main discovery in the Alvheim area. In connection with its capital markets day, Aker BP announced the ambition to triple the company's production by 2025 based on the existing portfolio and to increase the dividend distributions in 2019 to USD 750 million from USD 450 million paid in 2018, with annual step-up of USD 100 million per year until 2023. The increase in dividends in 2019 represents an additional USD 120 million in upstream cash to Aker compared to the

2018 level. Aker BP announced the appointment of David Torvik Tønne as new CFO and Lene Landøy as new SVP Strategy and Business Development. Former CFO Alexander Krane has moved to the position as Investment Director in Aker ASA. Aker BP paid a dividend of USD 0.3124 per share in the quarter, of which Aker received NOK 378 million.

### Ocean Yield

Ocean Yield is a ship-owning company with a mandate to build a diversified portfolio of modern vessels within oil services and shipping. The company targets fixed, long-term bareboat charters to credit-worthy counterparties. In the fourth quarter, Ocean Yield completed the investment of two chemical tankers on 12-year charters to Ardmore Shipping for a total consideration of USD 51 million, net of pre-paid charter hire, further diversifying the portfolio. As part of the ongoing financial restructuring of Solstad Offshore, Ocean Yield announced that the company had entered into a six months standstill period with respect to payment of interest, instalments and charter hire on two offshore supply vessels on long-term lease to Solstad Offshore. As a result, a USD 13 million impairment was recorded in the quarter. Ocean Yield also recorded USD 38 million in impairments and provisions relating to FPSO Dhirubhai-1, which ended its contract with Reliance in September. Subsequent to quarter end, Ocean Yield announced that it had entered into an agreement with Aker Energy, where Aker Energy has an option to bareboat charter the FPSO for a period of 15 years. Aker supports Ocean Yield's strategy of building a larger company over time through making value-accretive transactions and diversifying its portfolio further. The company's estimated EBITDA backlog stood at USD 3.6 billion per the end of the fourth quarter and the average remaining contract tenor (weighted by EBITDA) was 11.0 years. The company declared USD 19.10 cents per share in dividends in the quarter, unchanged from prior quarter.

## Aker Solutions

Aker Solutions is a global oil services company providing services, technologies, and product solutions within subsea and field design. Improving operational efficiency, reducing the cost base and nurturing existing and developing new customer relations are high on Aker's ownership agenda for Aker Solutions. In addition, Aker remains interested in new alliances or structural alternatives if beneficial for the company and its shareholders. In the fourth quarter, Aker Solutions reported NOK 483 million in EBITDA, and an order intake of NOK 5.3 billion supported by the award of a NOK 1.7 billion contract to deliver subsea production systems and umbilicals for the Lingshui field to CNOOC in China. Aker Solutions also secured in the quarter its first contract for the carbon capture and storage (CCS) project Northern Lights initiated by Equinor with partners Shell and Total, and a Front End Engineering contract for the Jotun FPSO life extension on the NCS. Order intake for the year ended at NOK 25.4 billion, up 7.9 per cent from a year earlier. The market is showing signs of improvement for Aker Solutions and operational performance remains strong, positioning the company to take a fair share of new contract awards. As per the end of the quarter, the backlog stood at NOK 35.1 billion which provides the company with reasonable visibility.

## Akastor

Akastor is an oil-services investment company with a flexible mandate for active ownership and long-term value creation. Aker encourages Akastor to play an active role in M&A, both to free up cash through the realization of assets and to selectively consider investment opportunities, albeit in a disciplined manner. In December, Akastor agreed to merge its portfolio company First Geo with AGR through an asset transaction, where Akastor will hold 100 per cent of the shares in the company and 55 per cent of the economic interest. Akastor further refinanced its existing revolving credit facility with a new NOK 2.5 billion facility in the fourth quarter. Subsequent to quarter end, Akastor announced the appointment of Pete Miller as Executive Chairman of MHWirth and Eirik Bergsvik as CEO. Akastor's ambition is to expand MHWirth, also through transactions, and target a stand-alone IPO over the next five years. Akastor continues to work closely with its portfolio companies to support cost saving programs, operational improvements and strategic initiatives to further enhance their competitiveness.

## Aker BioMarine

Aker BioMarine is an integrated biotechnology company that supplies krill-derived ingredients to the consumer health and animal nutrition markets. Fourth quarter marked the end of a year with improvement for the company, resulting in revenues of USD 155 million and an EBITDA of USD 33 million in 2018. The positive year-on-year development is primarily explained by improved operational performance coupled with successful organic and structural growth within the core products, Superba™ krill oil and Qrill™ Aqua. In the fourth quarter, Aker BioMarine was granted a new harvesting license by the Norwegian Directorate of Fisheries, and subsequent to year-end, Aker BioMarine took delivery of its new purpose built krill vessel. Aker shares the company's positive outlook for the market for krill derived products, and as such the longer term value of Aker BioMarine.

## Kvaerner

Kvaerner is an oil and gas-related EPC company, mainly focused on the NCS. Continued solid operational execution resulted in quarterly revenues of NOK 1.7 billion and an adjusted EBITDA of NOK 60 million, corresponding to a margin of 3.5 per cent. The order intake ended at NOK 1.7 billion, including the NOK 900 million contract for the steel substructure for the Johan Sverdrup Phase 2 process platform, bringing the backlog to NOK 10.6 billion as per year-end. In the quarter, Kvaerner reached mechanical completion on the Johan Sverdrup Phase 1 ULQ platform, in addition to construction start for the Johan Castberg FPSO topside and the utility module for the Johan Sverdrup Phase 2 riser platform. Increasing efficiency to strengthen competitiveness, to secure work beyond current backlog, coupled with execution of the current backlog remains core priority. Kvaerner's maintains a solid financial position with NOK 3.2 billion of cash, in addition to an undrawn credit facility of NOK 2.0 billion, providing flexibility to explore strategic alternatives. Due to the strong financial platform and an improved market outlook, Kvaerner's board of directors proposed a NOK 1 per share dividend.

## Results and Returns for Industrial Holdings<sup>1)</sup>

Amounts in NOK million	Aker Solutions		Akastor		Kvaerner	
	4Q17	4Q18	4Q17	4Q18	4Q17	4Q18
Revenue	6 444	<b>6 954</b>	895	<b>1 090</b>	1 797	<b>1 715</b>
EBITDA	458	<b>483</b>	96	<b>63</b>	227	<b>77</b>
EBITDA margin (%)	7.1	<b>7.0</b>	10.7	<b>5.8</b>	12.6	<b>4.5</b>
Net profit continued operations	19	<b>178</b>	(165)	<b>(300)</b>	152	<b>87</b>
Closing share price (NOK/share)	46.19	<b>39.66</b>	16.40	<b>13.06</b>	15.80	<b>12.06</b>
Quarterly return (%) <sup>3)</sup>	9.6	<b>(31.5)</b>	(5.7)	<b>(26.1)</b>	23.4	<b>(19.9)</b>

Amounts in USD million	Aker BP		Ocean Yield		Aker BioMarine	
	4Q17	4Q18	4Q17	4Q18	4Q17	4Q18
Revenue	726	<b>886</b>	89	<b>64</b>	34	<b>36</b>
EBITDA <sup>2)</sup>	565	<b>692</b>	80	<b>36</b>	0.5	<b>1.7</b>
EBITDA margin (%)	77.9	<b>78.1</b>	89.8	<b>55.3</b>	1.6	<b>4.8</b>
Net profit continued operations	34	<b>54</b>	31	<b>(50)</b>	(11)	<b>(6)</b>
Closing share price (NOK/share)	201.90	<b>218.00</b>	69.50	<b>59.20</b>	N/A	<b>N/A</b>
Quarterly return (%) <sup>3)</sup>	32.1	<b>(36.1)</b>	(0.6)	<b>(8.7)</b>	N/A	<b>N/A</b>

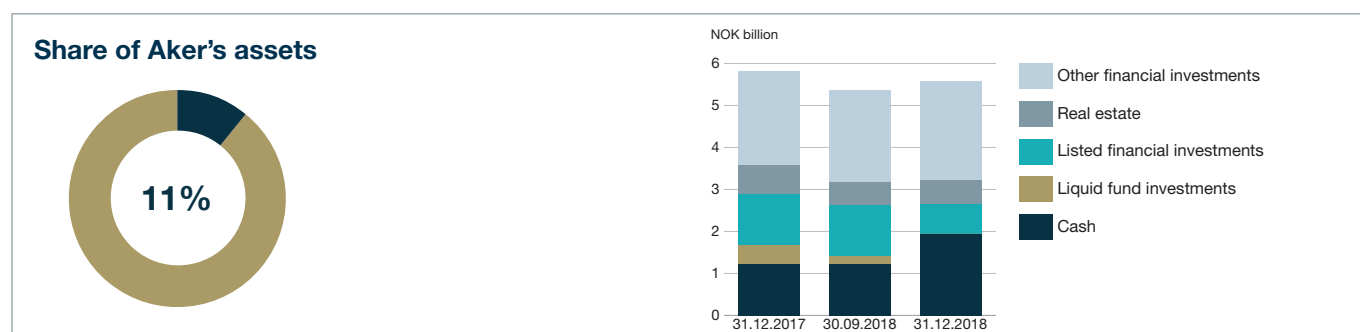
<sup>1)</sup> The figures refer to the results reported by the companies. Reference is made to the respective companies' quarterly reports for further details.

<sup>2)</sup> For Aker BP, EBITDAX is used.

<sup>3)</sup> The figures refer to total shareholder return, i.e. share price development and dividend payments.

## Aker – Segment information

### Financial Investments



	31.12.2017		30.09.2018		31.12.2018	
	NOK/share <sup>1)</sup>	NOK million	NOK/ share <sup>1)</sup>	NOK million	NOK/ share <sup>1)</sup>	NOK million
Cash	17	1 232	17	1 233	26	1 945
Liquid fund investments	6	442	2	177	-	-
Listed financial investments	16	1 220	16	1 203	9	701
Real estate	9	674	8	568	8	568
Other financial investments	30	2 261	29	2 188	32	2 374
<b>Total Financial Investments</b>	<b>78</b>	<b>5 829</b>	<b>72</b>	<b>5 369</b>	<b>75</b>	<b>5 588</b>

<sup>1)</sup> The investment's contribution to Aker's per-share NAV.

Financial Investments comprise Aker's cash, liquid fund investments, listed financial investments, real estate investments and other financial investments. The value of Aker's financial investments amounted to NOK 5.6 billion as of 31 December 2018, up from NOK 5.4 billion at the end of the third quarter. Aker's financial investment portfolio was valued at NOK 5.8 billion as per year-end 2017.

Aker's **Cash holding** stood at NOK 1.9 billion at the end of the fourth quarter, up from NOK 1.2 billion three months earlier. The primary cash inflows in the quarter were NOK 552 million in received dividends, NOK 291 million in cash release from renewal of two total return swaps relating to American Shipping Company and NOK 175 million in proceeds from sale of liquid fund investments. The primary cash outflows were NOK 167 million investment in Aker Energy and NOK 165 million in net interest paid and operating expenses. Aker's cash holding stood at NOK 1.2 billion as per year-end 2017. The NOK 0.7 billion positive change in cash from year-end 2017 is primarily explained by NOK 2.2 billion in dividends received, NOK 2.0 billion in debt issuance, NOK 0.8 billion proceeds from sale of liquid fund investments and sale of real estate assets to FP Bolig and NOK 0.3 billion from renewal of the total return swap agreements. This was partly offset by NOK 1.3 billion in dividend paid, NOK 1.3 billion in debt repayment, NOK 0.6 billion in loans issued to portfolio companies, NOK 0.6 billion in operating expenses and net interest paid, NOK 0.5 billion investment in Aker Energy and NOK 0.3 billion in other investments.

Aker held no **Liquid fund investments** at the end of the fourth quarter. This compares to NOK 177 million as per 30 September 2018. The decrease is explained by the sale of the remaining fund investments during the quarter. Liquid fund investments stood at NOK 442 million as per year-end 2017.

The value of **Listed financial investments** stood at NOK 701 million as of 31 December 2018, compared to NOK 1.2 billion as of 30 September 2018 and as per year-end 2017. The value of Aker's investment in Philly Shipyard decreased to NOK 203 million, compared to NOK 326 million in the prior quarter, as the company continues to face order backlog challenges. The value of Aker's direct investment in American Shipping Company was NOK 385 million at the end of the fourth quarter. The value of Aker's total return swap exposure was negative NOK 32 million and is included in non interest-bearing debt in the quarter. The value

of Aker's direct and indirect exposure in American Shipping Company was NOK 571 million three months earlier. The decrease is primarily explained by the NOK 291 million cash release following the renewal of the total return swaps, partly offset by a positive value change. Aker's shares in Solstad Offshore was valued at NOK 101 million as per 31 December 2018. This compares to NOK 287 million at the end of the third quarter. In the fourth quarter, Solstad Offshore announced that the company has commenced negotiations with financial creditors to improve the overall liquidity situation and to create a robust financial platform for the company. A long-term solution is expected to involve a restructuring of the company's balance sheet. Hence, Aker's equity investment in the company is at risk.

Aker's **Real estate** exposure stood at NOK 568 million at the end of the fourth quarter, on par with prior quarter and down from NOK 674 million as per year-end 2017. The value of Aker's current real estate holdings mainly reflects a 37.55 per cent ownership in the residential real estate developer FP Bolig, other commercial properties and land areas at Fornebu and in Aberdeen, and a portfolio of late-stage residential projects in Norway.

**Other financial investments** amounted to NOK 2.4 billion at the end of the fourth quarter, up from NOK 2.2 billion as of 30 September 2018 and NOK 2.3 billion as per year-end 2017. Other financial investments consist of equity investments, receivables, and other assets. The increase in the quarter is mainly explained by a NOK 167 million investment in Aker Energy. Aker's total exposure to Aker Energy stood at NOK 471 million as per year-end 2018. The value of Aker's receivables was NOK 925 million at the end of the fourth quarter, down from NOK 1.0 billion as of 30 September 2018 and NOK 1.5 billion as per year-end 2017.

## Aker ASA and holding companies

### Combined balance sheet

Amounts in NOK million, after dividend allocation	31.12.2017	30.09.2018	31.12.2018
Intangible, fixed, and non-interest bearing assets	295	472	482
Interest-bearing assets	1 503	1 071	985
Investments <sup>1)</sup>	19 578	20 564	20 082
Non interest-bearing short-term receivables	127	374	192
Cash	1 232	1 233	1 945
<b>Assets</b>	<b>22 735</b>	<b>23 715</b>	<b>23 686</b>
Equity	12 779	14 505	12 546
Non interest-bearing debt	1 613	313	1 980
External interest-bearing debt	8 343	8 897	9 160
<b>Equity and liabilities</b>	<b>22 735</b>	<b>23 715</b>	<b>23 686</b>
Net interest-bearing receivables (debt)	(5 608)	(6 592)	(6 230)
Equity ratio (%)	56	61	53

<sup>1)</sup> Aker ASA and holding companies prepares and presents its accounts in accordance with the Norwegian Accounting Act and generally accepted accounting principles (GAAP), to the extent applicable. Accordingly, exchange-listed shares owned by Aker ASA and holding companies are recorded in the balance sheet at the lower of market value and cost price. In accordance with Aker ASA and holding companies' accounting principles, acquisitions and disposals of companies are a part of the ordinary business. Consequently gains from sales of shares are classified as operating revenues in the combined profit and loss statement of the accounts. Gains and losses are only recognised to the extent assets are sold to third parties. Aker's accounting principles are presented in the company's 2017 annual report.

The total book value of assets was NOK 23.7 billion at the end of the fourth quarter 2018, on par with prior quarter. Total book value of assets stood at NOK 22.7 billion at the end of 2017.

**Intangible, fixed and non-interest bearing assets** stood at NOK 482 million, on par with prior quarter and up from NOK 295 million as per year-end 2017.

**Interest-bearing assets** fell to NOK 985 million from NOK 1.1 billion three months earlier. The decrease is primarily explained by Aker converting NOK 152 million in loan receivables into shares in Aker Energy, partly offset by an increase in receivables to other portfolio companies and foreign exchange movements as certain receivables are denominated in USD. Interest-bearing assets stood at NOK 1.5 billion as per year-end 2017.

**Investments** fell to NOK 20.1 billion in the fourth quarter compared to NOK 20.6 billion as per 30 September 2018, primarily explained by write-downs of the book values of Aker's direct investments in Aker Solutions, Akastor and Solstad Offshore, partly offset by the investment and conversion of loan to equity in Aker Energy. Investments stood at NOK 19.6 billion as per 31 December 2017.

**Non interest-bearing short-term receivables** fell to NOK 192 million from NOK 374 million three months earlier, primarily explained by the cash release following the renewal of the total return swaps relating to American Shipping Company, partly offset by a positive value change on the American Shipping Company investment. Non interest-bearing short-term receivables amounted to NOK 127 million as per year-end 2017.

Aker's **Cash** stood at NOK 1.9 billion at the end of the fourth quarter, up from NOK 1.2 billion as per 30 September 2018 and 31 December 2017.

**Equity** stood at NOK 12.5 billion at the end of the fourth quarter, compared to NOK 14.5 billion as per 30 September 2018. The decrease in the fourth quarter is primarily due to allocation of NOK 1.7 billion in dividend and Aker posting a loss before tax of NOK 281 million. Equity stood at NOK 12.8 billion as per year-end 2017.

**Non interest-bearing debt** stood at NOK 2.0 billion as per 31 December 2018, up from NOK 313 million three months earlier. The increase is mainly due to Aker setting aside NOK 1.7 billion for dividend. Non interest-bearing debt stood at NOK 1.6 billion as per 31 December 2017.

**External interest-bearing debt** stood at NOK 9.2 billion at the end of the fourth quarter, up from NOK 8.9 billion as per the end of the prior quarter. The increase is explained by currency fluctuations as certain loans are denominated in USD and SEK. As per the end of the fourth quarter, Aker had NOK 6.1 billion in outstanding bond loans and NOK 3.0 billion in USD denominated bank loans, net of capitalized loan fees. Interest-bearing debt stood at NOK 8.3 billion as per year-end 2017.

Amounts in NOK million	30.09.2018	31.12.2018
AKER09	1 000	1 000
AKER10	700	700
AKER12	1 377	1 455
AKER13	1 000	1 000
AKER14	2 000	2 000
Capitalised loan fees	(24)	(22)
<b>Total bond loans</b>	<b>6 053</b>	<b>6 133</b>
Bank loan 1	2 044	2 172
Bank loan 2	818	869
Capitalised loan fees	(18)	(14)
<b>Total bank loans</b>	<b>2 844</b>	<b>3 027</b>
<b>Total interest-bearing debt</b>	<b>8 897</b>	<b>9 160</b>



## Aker ASA and holding companies

### Combined income statement

Amounts in NOK million	4Q 17	3Q 18	4Q 18	Year 2017	Year 2018
Sales gain	-	-	-	-	194
Operating expenses	(76)	(67)	(58)	(244)	(254)
EBITDA	(76)	(67)	(58)	(244)	(60)
Depreciation	(4)	(5)	(5)	(14)	(18)
Value change	7	(102)	(628)	(289)	(383)
Net other financial items	365	482	410	1 380	1 927
Profit/(loss) before tax	294	309	(281)	833	1 467

Aker ASA and holding companies prepares and presents its accounts in accordance with the Norwegian Accounting Act and generally accepted accounting principles (GAAP), to the extent applicable. Accordingly, exchange-listed shares owned by Aker ASA and holding companies are recorded in the balance sheet at the lower of market value and cost price. In accordance with Aker ASA and holding companies' accounting principles, acquisitions and disposals of companies are a part of the ordinary business. Consequently gains from sales of shares are classified as operating revenues in the combined profit and loss statement of the accounts. Gains and losses are only recognised to the extent assets are sold to third parties. Aker's accounting principles are presented in the company's 2017 annual report.

The income statement for Aker ASA and holding companies shows a loss before tax of NOK 281 million for the fourth quarter 2018. This compares to a profit before tax of NOK 309 million in the third quarter. As in previous periods, the income statement is mainly affected by value changes in share investments and dividends received. Profit before tax for the full year 2018 was NOK 1.5 billion, compared to NOK 833 million for 2017.

**Operating expenses** in the fourth quarter were NOK 58 million compared to NOK 67 million in the prior quarter. Operating expenses for the full year 2018 were NOK 254 million, compared to NOK 244 million for 2017.

**Value change** in the fourth quarter was negative NOK 628 million mainly reflecting the value decrease of Aker's holding in Aker Solutions, Akastor and Solstad Offshore. The negative value change in the quarter compares to a value decrease of NOK 102 million in the third quarter. Aker had a negative value change of NOK 383 million for the full year 2018, compared to a NOK 289 million value decrease during 2017.

**Net other financial items** in the fourth quarter amounted to NOK 410 million, compared to NOK 482 million in the third quarter. The decrease is primarily explained by net foreign exchange losses. Net other financial items are primarily impacted by dividends received, net interest expenses and by mark-to-market adjustments on foreign exchange positions and Aker's total return swaps related to American Shipping Company. Aker received NOK 552 million in dividends in the fourth quarter compared to NOK 538 million in the prior quarter. Net other financial items for the full year 2018 were NOK 1.9 billion, compared to NOK 1.4 billion for the year prior. The increase is mainly explained by higher amount of dividends received and renewal of Aker's total return swaps, partly offset by foreign exchange losses.

### The Aker Share

The company's share price fell to NOK 462 at the end of the fourth quarter 2018 from NOK 734 three months earlier. The company had a market capitalisation of NOK 34.3 billion as per 31 December 2018.

As per 31 December 2018, the total number of shares in Aker amounted to 74 321 862 and the number of outstanding shares was 74 268 792. As per the same date, Aker held 53 070 own shares.

## Risks

Aker and each portfolio company are exposed to various forms of market, operational and financial risks. Rather than diversifying risk by spreading investments across many different industries, Aker is focused on sectors in which the company possesses long-standing expertise. The company has established a model for risk management based upon identifying, assessing and monitoring major financial, strategic and operational risks in each business segment, drawing up contingency plans for those risks and closely monitoring the consolidated risk picture. The identified risks and how they are managed are reported to the Aker Board on a regular basis. Aker continuously works to improve its risk management process.

The main risks that Aker ASA and holding companies are exposed to are related to the value changes of the listed assets due to market price fluctuations. The development of the global economy, and energy prices in particular, as well as currency fluctuations, are important variables in predicting near-term market fluctuations. These variables may also have an impact on the underlying value of Aker's unlisted assets. Aker ASA and holding companies are also exposed to risk of insufficient access to external financing which may impact Aker's liquidity position. This financing risk also relates to Aker's portfolio companies. Aker and the portfolio companies seek to mitigate this risk by maintaining a solid liquidity buffer and by proactively planning for refinancing activities.

The companies in Aker's portfolio are, like Aker, exposed to commercial risks, financial risks and market risks. In addition these companies, through their business activities within their respective sectors, are also exposed to legal/regulatory risks and political risks, i.e. political decisions on petroleum taxes, environmental regulations and operational risks, including major accidents which may have significant financial impact.

Oil price volatility remained high throughout 2018 and prices are still below levels seen in the period prior to the decline in 2014. Aker BP's revenues and cash flow are directly impacted by fluctuating oil prices, while movement in the oil price may impact the activity level for Aker's oil service companies, including Aker Solutions, Akastor and Kvaerner. Several oil service segments have yet to demonstrate a sustainable recovery. This may in turn adversely affect the financial strength of some of Aker's portfolio companies' counterparties.

Aker's risk management, risks and uncertainties are described in the Annual Report for 2017.

## Key events after the balance sheet date

After the close of the fourth quarter 2018, the following events occurred that affect Aker and the company's investments:

- Aker Energy announced a successful drilling operation of the Pecan-4A appraisal well offshore Ghana. Based on the results, existing discoveries in the block are estimated to contain gross contingent resources (2C) of 450-550 mmboe, with an additional 150-450 mmboe in estimated potential volume upside to be verified by drilling of additional two appraisal wells.
- Ocean Yield announced the investment in one suezmax tanker with 13-year charter to Okeanis Eco Tankers Corp for a net purchase price of USD 49 million.
- Aker BP announced that the company intends to raise the dividend level in 2019 to USD 750 million, up from USD 450 million paid in 2018. The ambition is to increase the dividend by USD 100 million annually to 2023. The increase in dividends in 2019 represents an additional USD 120 million in upstream cash to Aker. Aker BP also announced the Froskelår Main discovery. Preliminary analysis indicate an estimated gross discovery size of 45-153 mmboe.
- Kvaerner's board of directors proposed a NOK 1 per share dividend to be paid to shareholders.
- Ocean Yield announced an option agreement with Aker Energy for a long-term bareboat charter of FPSO Dhirubhai-1.

## Outlook

Investments in listed shares comprised 86 per cent of the company's assets as per 31 December 2018. About 74 per cent of Aker's investments was associated with the oil and gas sector, 12 per cent with the maritime industry, seafood and marine biotechnology 6 per cent, cash represented 4 per cent, and other assets 3 per cent. Aker's NAV will thus be influenced by a number of factors, including, but not limited to, fluctuations in market prices, commodity prices, exchange rates and operational performance.

Over the last four years, the oil service industry has been under pressure due to cutbacks in E&P spending which has led to a decline in activity and fewer projects have been sanctioned globally. At the same time, cost-cutting measures and increased operational efficiency across the industry have brought down break-even costs for offshore projects. Aker expects that this will lead to more projects being sanctioned and that spending will increase in the short to medium term. Oil price volatility is, however, significant, which creates uncertainty with level and timing of the spending increase. Aker expects the overall activity level to remain subdued as E&P companies continue to take a cautious approach to new investments, also taking into account the high oil price volatility. Aker's portfolio companies in the oil and gas sector will continue to increase competitiveness through increased productivity, efficiency and standardisation, improved technology offerings, and by exploring strategic partnerships and alliances. Aker remains positive about the longer term outlook for oil and gas and will therefore continue to evaluate strategic alternatives and opportunities in the sector.

Aker's strong balance sheet enables the company to face unforeseen operational challenges and short-term market fluctuations, as well as to seize value-accretive investment opportunities. As an industrial investment company, Aker will use its resources and competence to promote and support the development of the companies in its portfolio, and to consider new investments.

Fornebu, 13 February 2019  
Board of Directors and President and CEO

**Aker ASA: Net Asset Value**

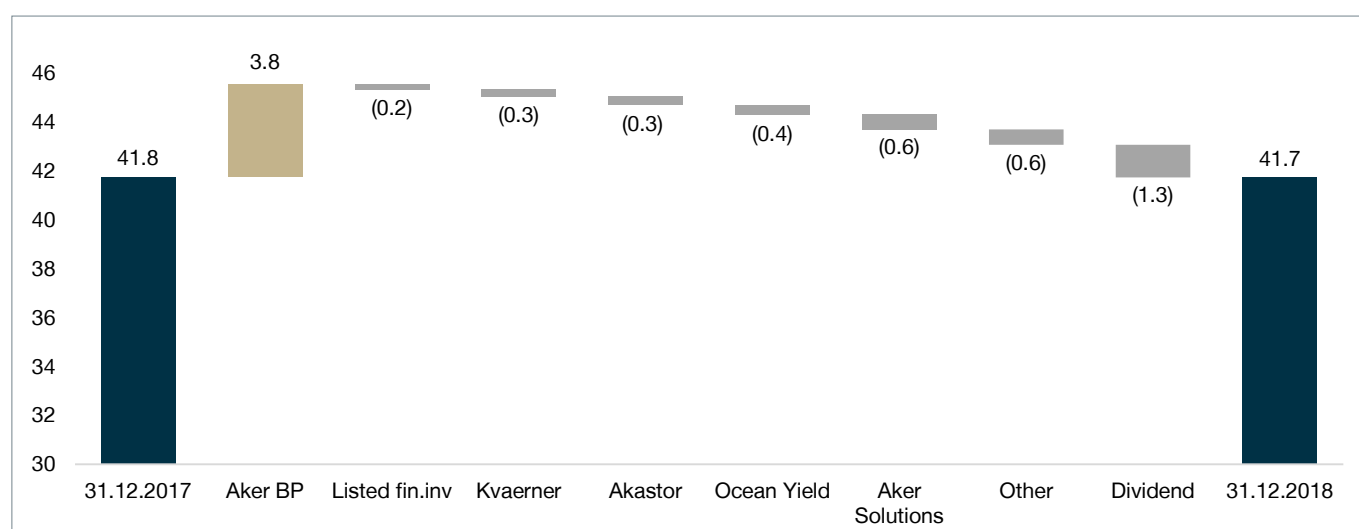
Reported values in NOK million	Number of shares per 31.12.18	Ownership capital per 31.12.18	Share of total assets per 31.12.18	Reported values per 31.12.18	Reported values per 30.09.18	Reported values per 31.12.17
<b>Industrial Holdings</b>						
Aker BP	144 049 005	40.0%	61.3%	31 403	49 755	29 083
Aker Solutions	94 565 293 <sup>1)</sup>	34.8% <sup>1)</sup>	7.3%	3 750	5 475	4 368
Akastor	100 565 293 <sup>1)</sup>	36.7% <sup>1)</sup>	2.6%	1 313	1 778	1 649
Kvaerner	77 233 531 <sup>1)</sup>	28.7% <sup>1)</sup>	1.8%	931	1 163	1 220
Ocean Yield	98 242 575	61.7%	11.4%	5 816	6 543	6 828
Aker BioMarine		100.0%	4.7%	2 411	2 411	1 411
<b>Total Industrial Holdings</b>			<b>89.1%</b>	<b>45 625</b>	<b>67 125</b>	<b>44 560</b>
<b>Financial Investments</b>						
Cash			3.8%	1 945	1 233	1 232
Liquid fund investments			0.0%	-	177	442
Real estate			1.1%	568	568	674
Listed financial investments			1.4%	701	1 203	1 220
<i>American Shipping Company (direct investment)<sup>2)</sup></i>	11 557 022	19.1%	0.8%	385	358	276
<i>American Shipping Company (TRS)<sup>2)</sup></i>			0.0%	-	213	68
<i>Philly Shipyard</i>	7 237 631	57.6%	0.4%	203	326	492
<i>Solstad Offshore</i>	58 496 302	20.1%	0.2%	101	287	353
<i>Cxense</i>	512 849	5.7%	0.0%	13	19	30
Receivables			1.8%	925	1 011	1 503
<i>Aker BioMarine</i>			0.6%	324	272	823
<i>Ocean Harvest Invest</i>			0.7%	367	362	404
<i>Aker Energy</i>			0.0%	-	152	-
<i>American Shipping Company</i>			0.1%	58	55	55
<i>Other</i>			0.3%	175	170	220
Other financial investments			2.8%	1 449	1 177	758
<i>Aker Energy</i>		49.0%	0.9%	471	150	-
<i>Cognite</i>		65.2%	0.1%	42	42	44
<i>Other</i>			1.8%	935	984	714
<b>Total Financial Investments</b>			<b>10.9%</b>	<b>5 588</b>	<b>5 369</b>	<b>5 829</b>
<b>Gross Asset Value</b>			<b>100%</b>	<b>51 213</b>	<b>72 495</b>	<b>50 389</b>
External interest-bearing debt				(9 160)	(8 897)	(8 343)
Non interest-bearing debt				(309)	(313)	(275)
<b>Net Asset Value (before allocated dividend)</b>				<b>41 744</b>	<b>63 285</b>	<b>41 771</b>
Number of outstanding shares				74 268 792	74 268 792	74 295 513
<b>Net Asset Value per share (before allocated dividend)</b>				<b>562</b>	<b>852</b>	<b>562</b>

<sup>1)</sup> Partly owned through Aker Kvaerner Holding AS, in which Aker ASA has a 70% ownership interest. Additionally, Aker ASA has direct ownership interest in Aker Solutions ASA and Akastor ASA.

<sup>2)</sup> Aker ASA holds direct exposure to 11 557 022 shares in American Shipping Company ASA, equivalent to 19.07% of the shares and votes of the company, and financial exposure to 18 687 620 underlying shares through two total return swap agreements, equivalent to 30.83% of the share capital in the company. In fourth quarter 2018, the value of the swap agreements was negative NOK 32 million and as such included in non interest-bearing debt.

**Aker ASA: Net Asset Value contribution in 2018**

NOK billion



## Financial calendar 2019

10 May	1Q 2019 report
18 July	1H 2019 report
1 November	3Q 2019 report

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AKER NO in Bloomberg

AKER.OL in Reuters

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## Alternative Performance Measures

Aker ASA refers to alternative performance measures with regards to Aker ASA and holding companies' financial results and those of its portfolio companies, as a supplement to the financial statements prepared in accordance with IFRS. Such performance measures are frequently used by securities analysts, investors and other interested parties, and they are meant to provide an enhanced insight into operations, financing and future prospects of the group. The definitions of these measures are as follows:

- **EBITDA** is operating profit before depreciation, amortisation and impairment charges.
- **EBITDA margin** is EBITDA divided by revenue.
- **EBITDAX** is operating profit before depreciation, amortisation, impairment charges and exploration expenses.
- **Equity ratio** is total equity divided by total assets.
- **Gross asset value** is the sum of all assets, determined by applying the market value of exchange-listed shares, while book value is used for other assets.
- **Kboed** is thousand barrels of oil equivalents per day.
- **Mmboe** is million barrels of oil equivalents.
- **Net Asset Value** ("NAV") is gross asset value less liabilities.
- **NAV per share** is NAV divided by the total number of outstanding Aker ASA shares.
- **Net interest-bearing receivable/debt** is cash, cash equivalents and interest-bearing receivables (current and non-current), minus interest-bearing debt (current and non-current).
- **Order intake** includes new signed contracts in the period, in addition to expansion of existing contracts. The estimated value of potential options and change orders is not included.
- **Order backlog** represents the estimated value of remaining work on signed contracts.
- **Value-adjusted equity ratio** is NAV divided by gross asset value.