

4Q 2015

Fornebu, February 12, 2016

Luis Araujo and Svein Stoknes

Agenda | 4Q 2015



Introduction

Luis Araujo
Chief Executive Officer

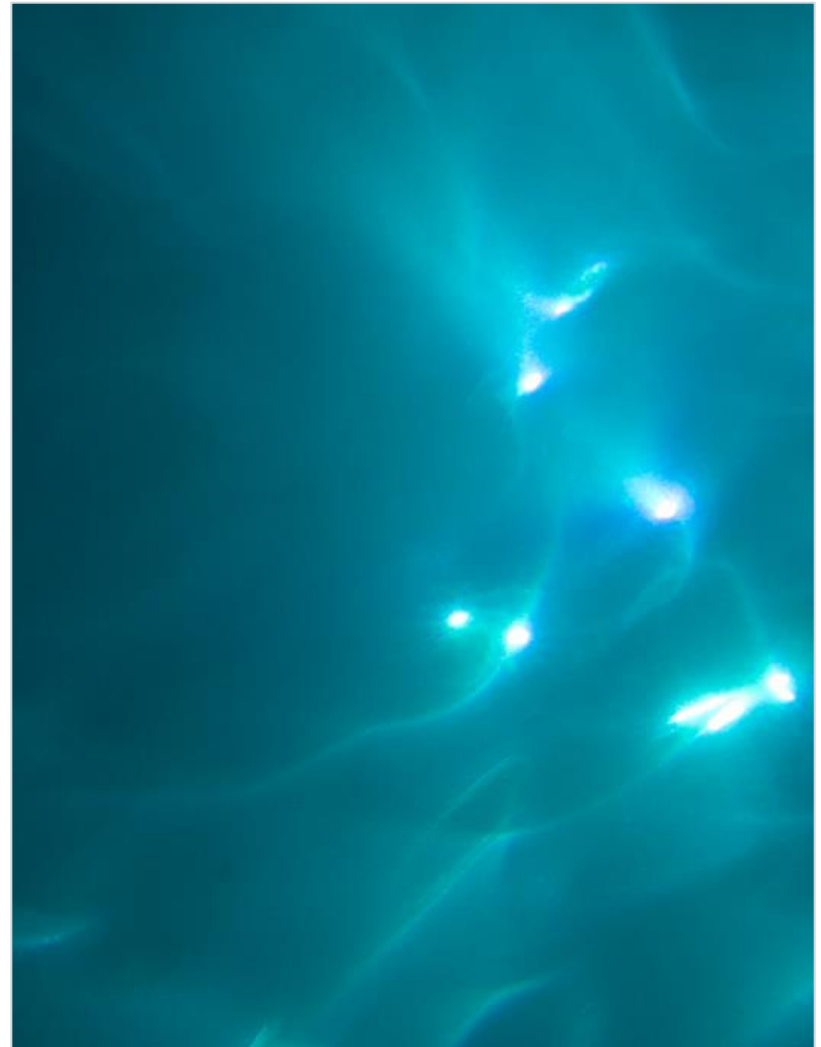


Financials

Svein Stoknes
Chief Financial Officer



Q&A Session



Key Developments

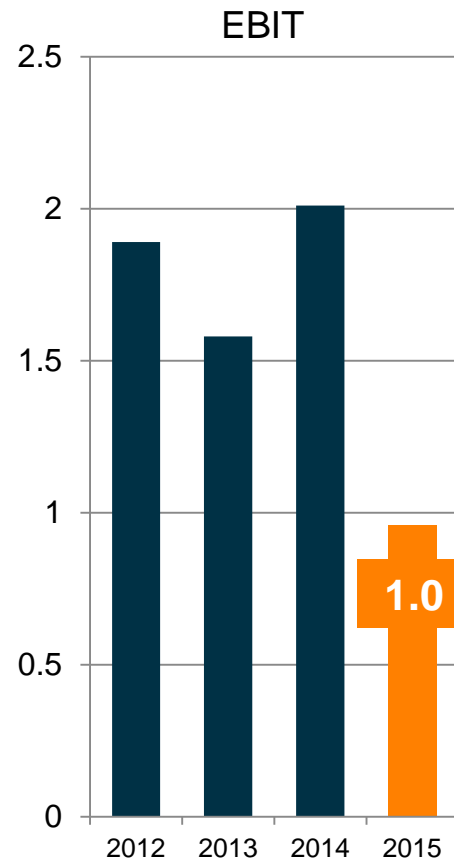
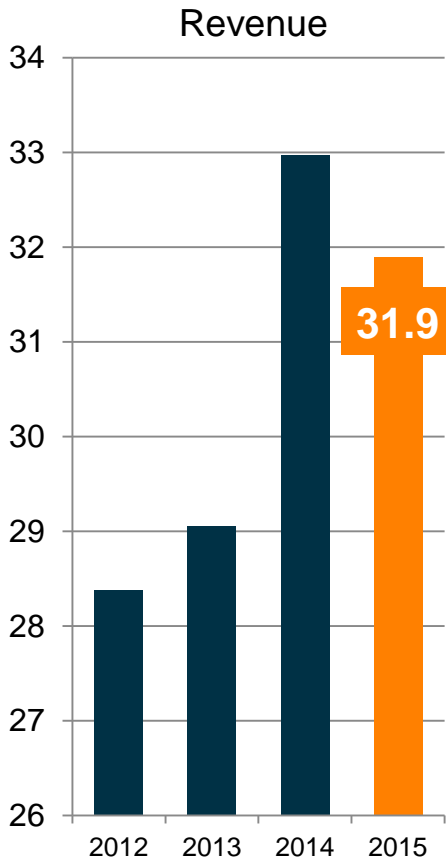


- **Major projects** progress as **planned**
- Order backlog **steady** at NOK 40 billion
- Order intake of **NOK 6.4 billion**, helped by MMO contracts in Norway and the UK
- **Solid** financial position with liquidity buffer of NOK 9 billion
- **Capacity adjustments** amid market slowdown
- **Earnings impacted** by restructuring costs, impairment charges
- Steady progress on **global improvement program**
- Board recommends **zero dividend** for 2015

Key Figures | 2015

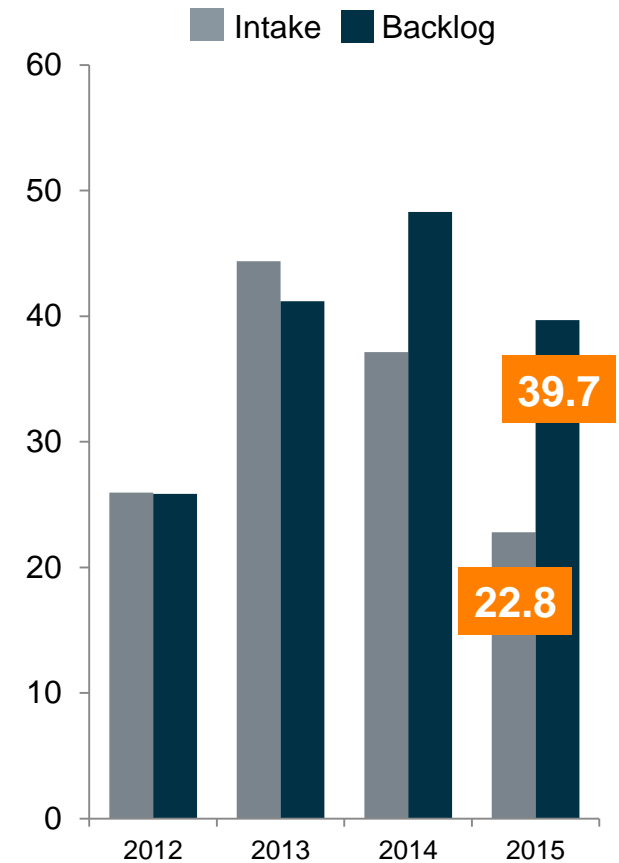
Revenue and EBIT

NOK billion



Order intake and backlog

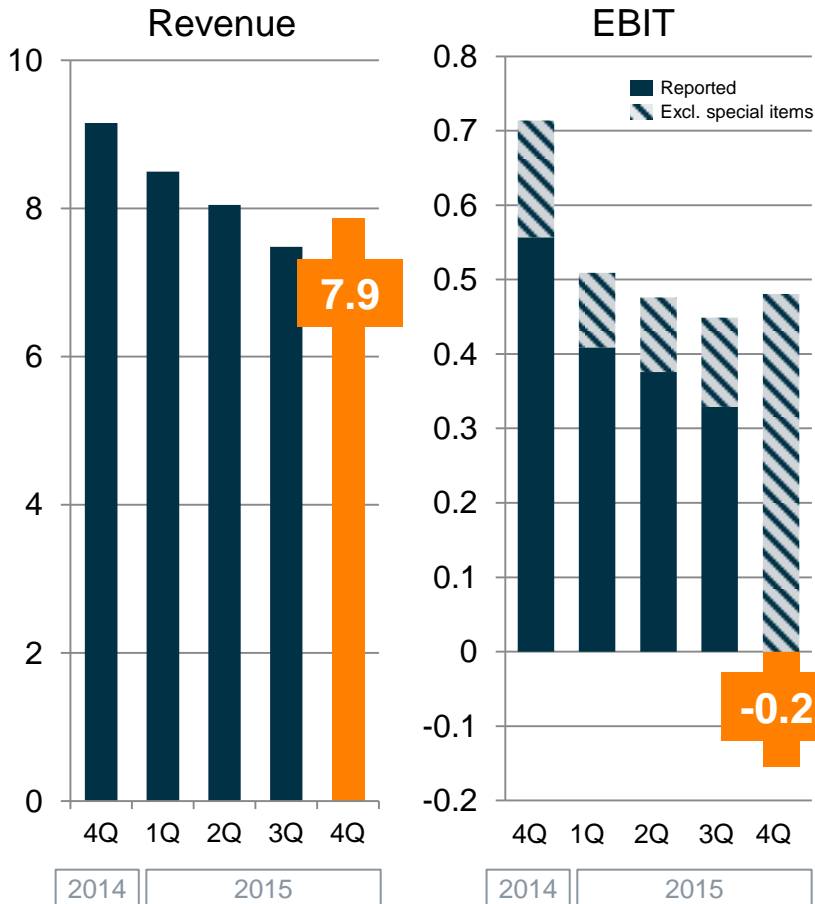
NOK billion



Key Figures | 4Q 2015

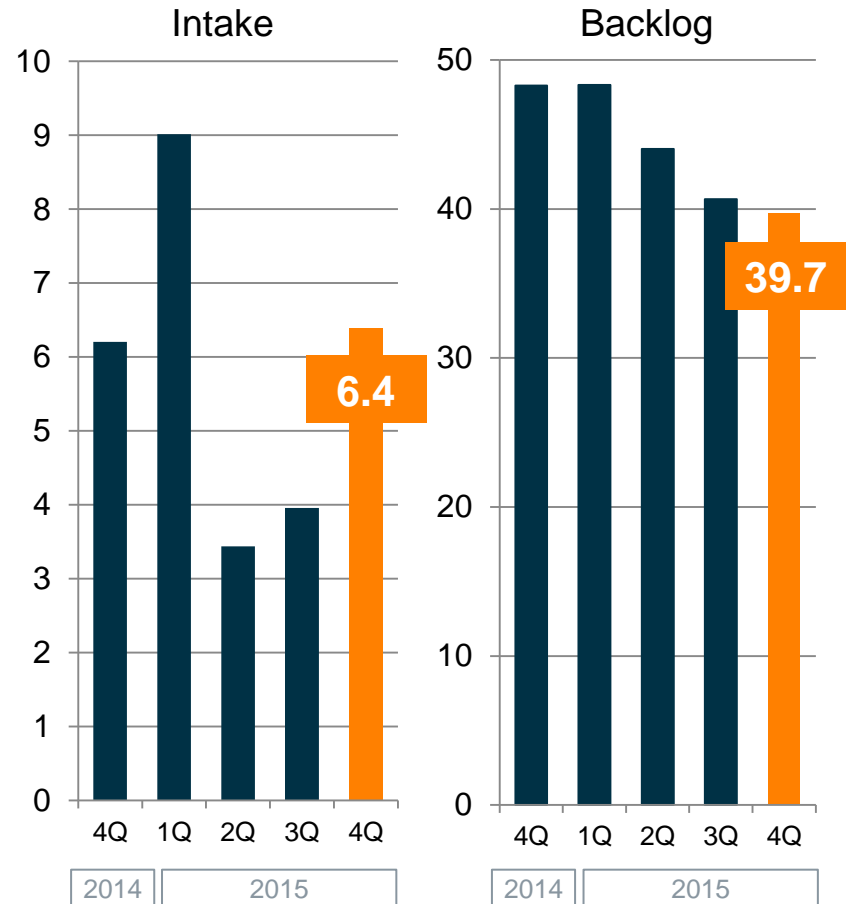
Revenue and EBIT

NOK billion



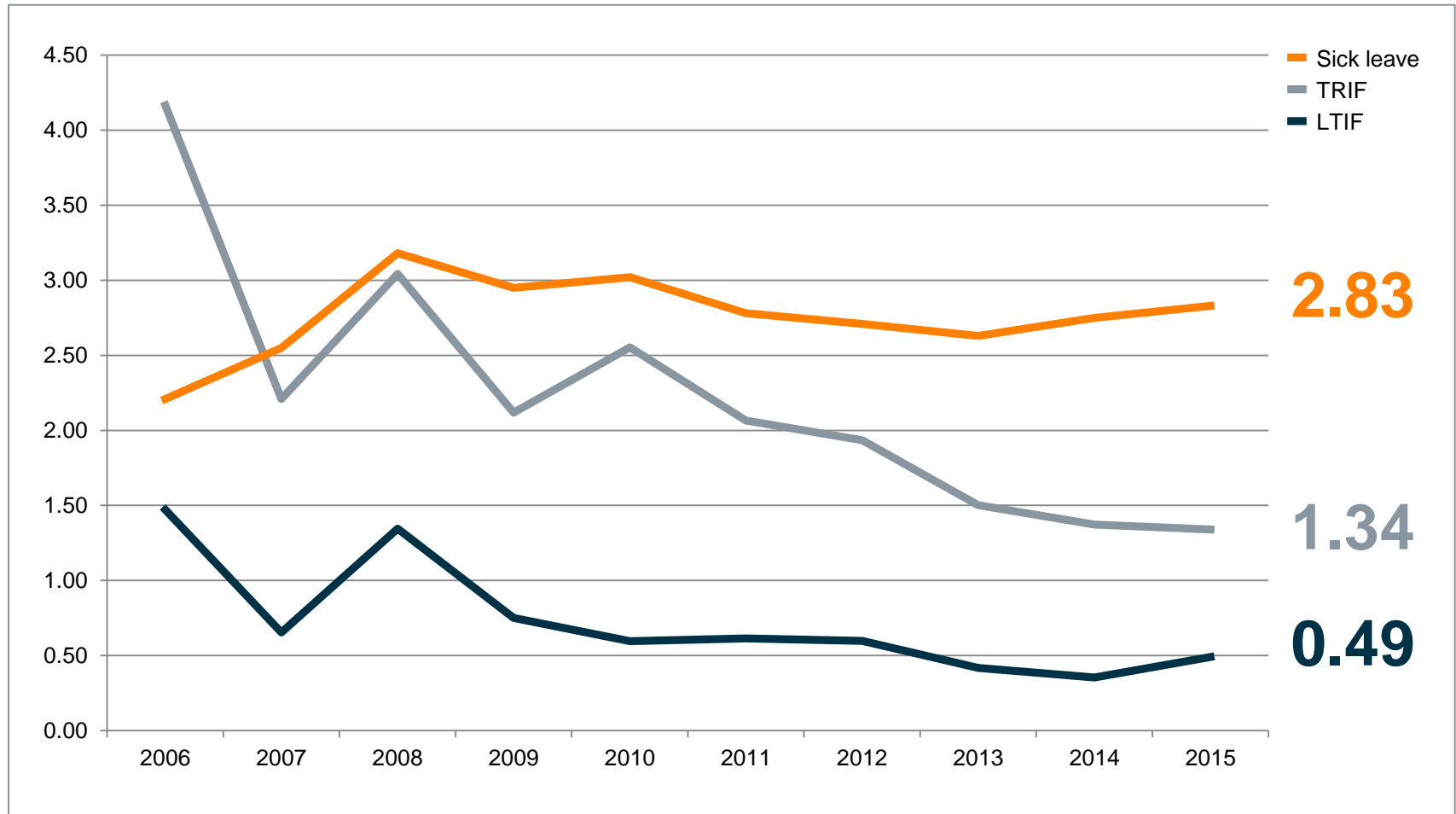
Order intake and backlog

NOK billion



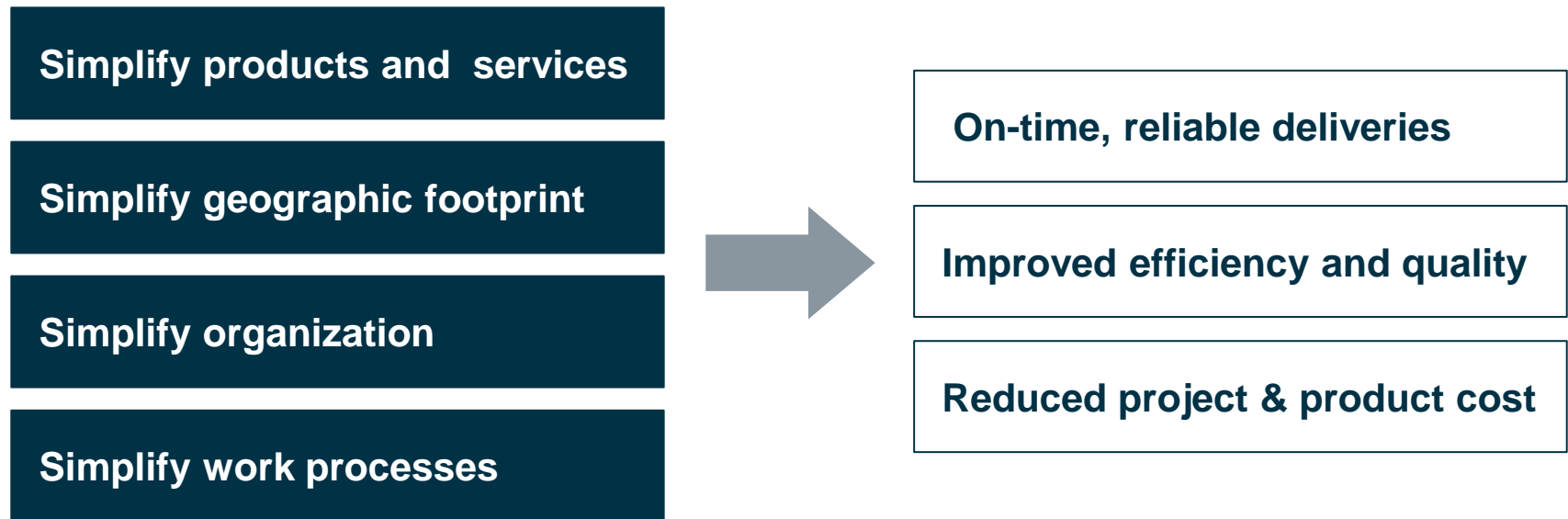
Health, Safety and Environment: A Top Priority

HSE Performance Indicators



One Global Improvement Program – #thejourney

Targeting minimum 30 percent improvement in cost-efficiency across the business.



Building a culture of continuous improvement

Outlook

- **Market uncertainty** persists amid concern over capital, oil prices
- **Tougher commercial** environment
- **Steady tendering** in main markets, though seeing projects postponed
- **Norway market sluggish** over next year
- **Decreasing break-even costs** may spur project sanctions
- **Healthy order backlog** and growing international presence
- **Well placed** to capture long-term, global subsea market growth
- Vigilant about **costs and capacity**



Agenda | 4Q 2015



Introduction

Luis Araujo
Chief Executive Officer

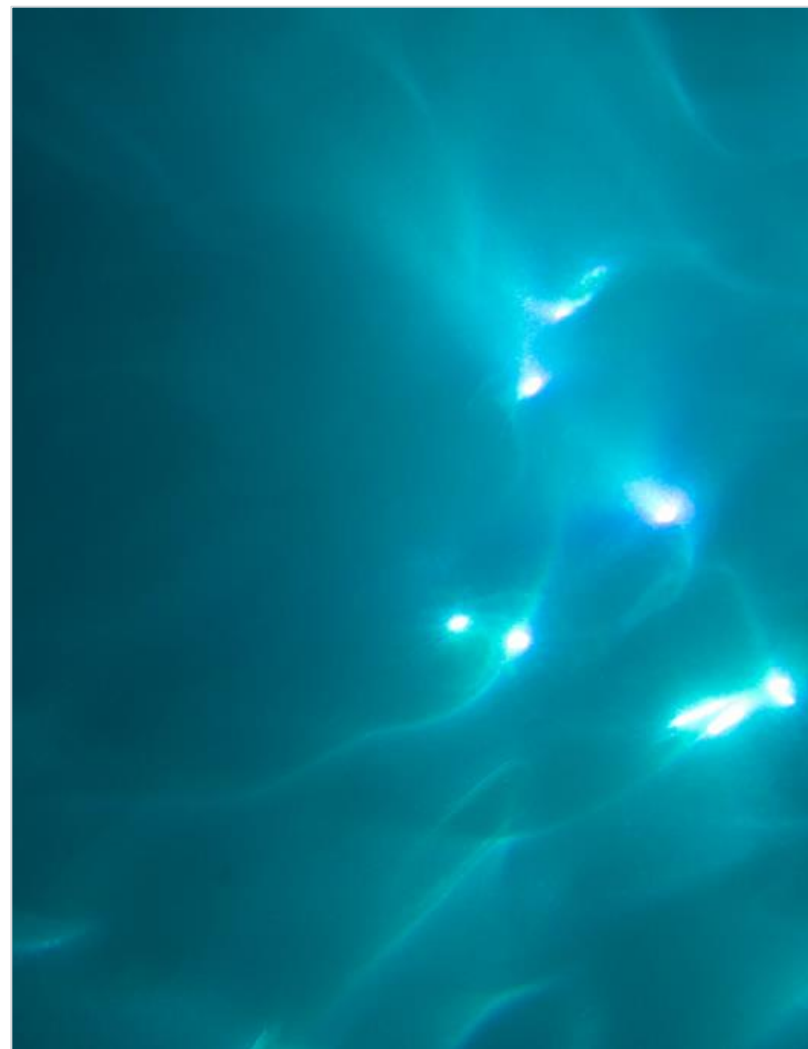


Financials

Svein Stoknes
Chief Financial Officer



Q&A Session



4Q 2015 | Consolidated Income Statement

- Revenue for 4Q 2015 down 14% versus 4Q last year, reflecting a challenging NCS market
- Underlying 4Q 2015 EBITDA reached NOK 695 million, a margin of 8.9% versus 9.6% a year earlier

(NOK million)	4Q 2015	4Q 2014	2015	2014
Operating revenue and other income	7,864	9,155	31,896	32,971
EBITDA	182	786	1,841	2,675
EBITDA margin	2.3%	8.6%	5.8%	8.1%
EBITDA (excl. special items)¹	695	873	2,638	2,835
EBITDA margin (excl. special items) ¹	8.9%	9.6%	8.3%	8.6%
Depreciation, amortization and impairment	(337)	(228)	(882)	(665)
EBIT	(155)	557	958	2,010
EBIT margin	(2.0%)	6.1%	3.0%	6.1%
EBIT (excl. special items)¹	481	714	1,918	2,243
EBIT margin (excl. special items) ¹	6.1%	7.9%	6.0%	6.8%
Net financial items	(102)	(197)	(320)	(244)
FX on disqualified hedging instruments	(21)	115	46	51
Profit before tax	(278)	476	685	1,817
Income tax expense	28	(117)	(302)	(516)
Profit for the period	(250)	359	383	1,300
Basic earnings per share (NOK)	(0.83)	1.30	1.44	4.71
Basic earnings per share (NOK) (excl. special items) ¹	0.96	1.41	3.94	5.17

¹ Special items include costs linked to restructuring, onerous lease provisions, the impact of currency derivatives not qualifying for hedge accounting, IT separation costs following the demerger, and impairment charges on technology and property. See first page of additional information section for full details on special items.

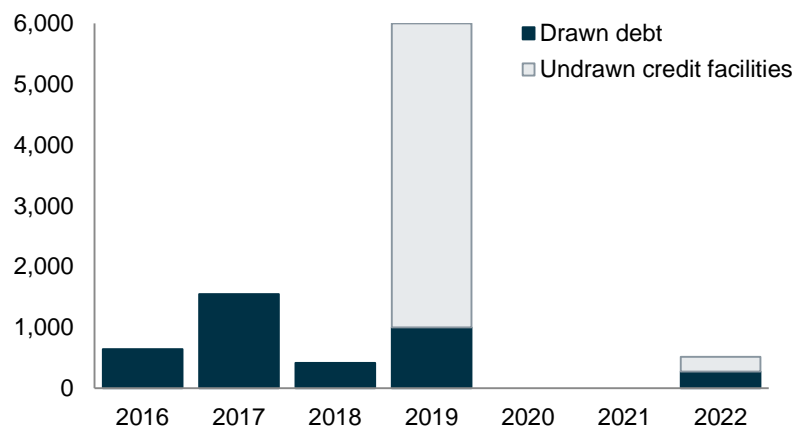
4Q 2015 | Cashflow and Financial Position

- Strong 4Q 2015 cashflow from operations of NOK 1,595 million, helped by favourable net working capital (NCOA) development on project progress and working capital initiatives
- Continue to see NCOA moving over time towards more normalized level of NOK 1.5-2 billion
- Robust 4Q 2015 financial position with net cash of NOK 301 million and gross debt NOK 3.7 billion; leverage and gearing well below policy
- Increased RCF by NOK 1 billion with improved leverage covenant; total liquidity buffer at NOK 9 billion
- Group ROACE reached 8%, reflecting ongoing investments and special items

Debt maturity profile

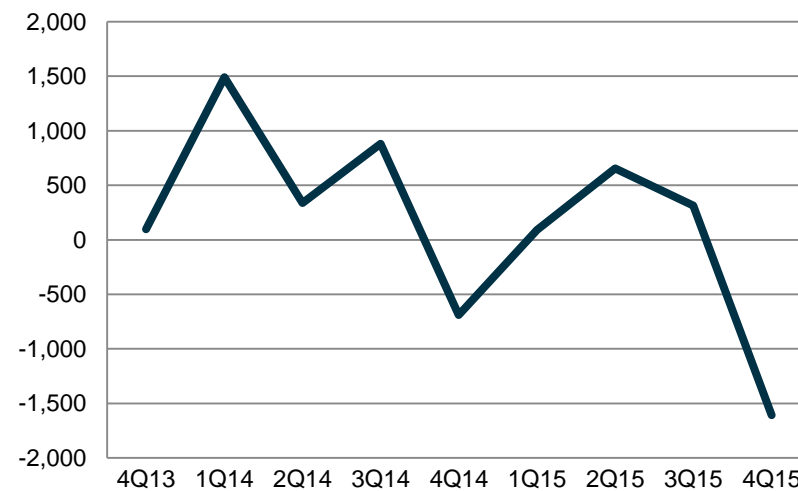
NOK million

Note: Revolving credit facility of NOK 5 billion as at end 4Q 2015, drawn NOK 0 billion, maturing in 2019



Net current operating assets (NCOA)

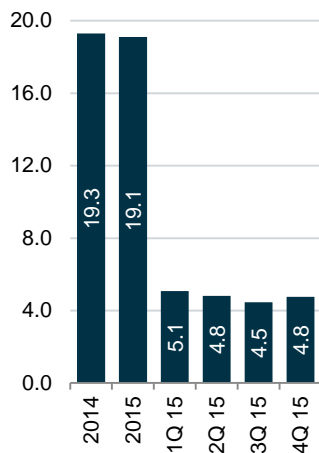
NOK million



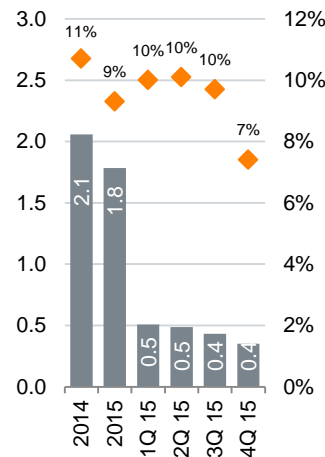
Subsea

- Project execution according to plan
- 4Q 2015 revenue down 13% vs. last year to NOK 4.8 billion
- 4Q 2015 EBIT margin decreased to 1.5% from 7.6% a year earlier
- EBIT impacted by special items totaling NOK 242 million from restructuring and technology impairments
- 4Q 2015 order intake down year-on-year to NOK 1.3 billion, equivalent to 0.3 book-to-bill
- End 4Q 2015 order backlog was down 33% year-on-year to NOK 22.5 billion
- Key financial KPIs: ROACE and EBIT margins

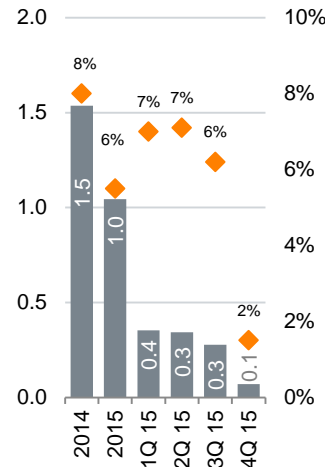
Revenue
NOK billion



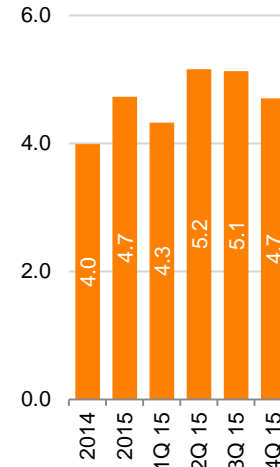
EBITDA and margin
NOK billion, %



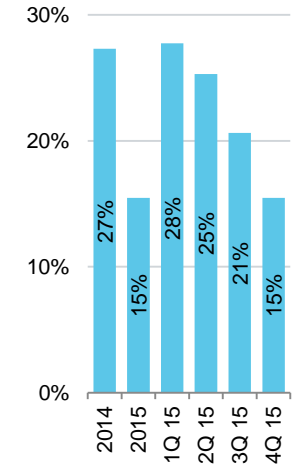
EBIT and margin¹
NOK billion, %



Net capital employed
NOK billion



ROACE
%

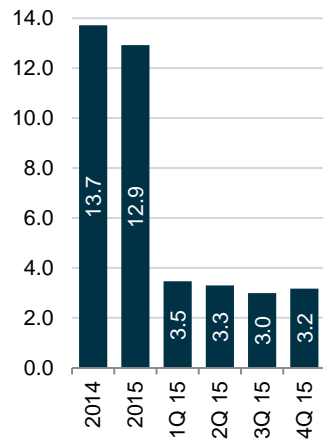


¹ EBIT excluding special items was NOK 312 million and the EBIT margin excluding special items was 6.6% in 4Q 2015

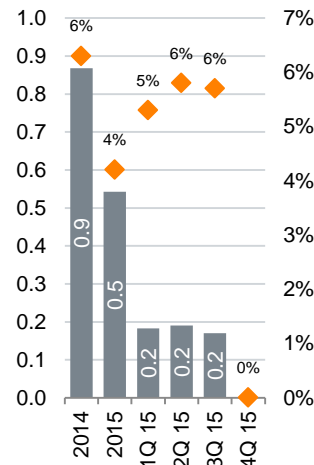
Field Design

- Impacted by continued activity slowdown on the NCS
- 4Q 2015 revenue down 14% vs. last year to NOK 3.2 billion
- 4Q 2015 EBITDA margin of 0% due to restructuring cost mainly within MMO
- EBIT impacted by special items totaling NOK 254 million from restructuring and technology impairments
- 4Q 2015 order intake was up year-on-year to NOK 5.1 billion, equivalent to 1.6 book-to-bill
- End 4Q 2015 order backlog increased 18% year-on-year to NOK 17.2 billion
- Key financial KPIs: EBITDA margin and nominal EBITDA

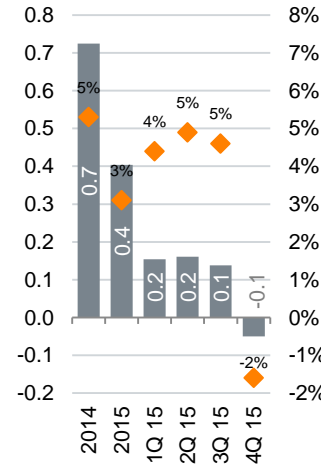
Revenue
NOK billion



EBITDA and margin
NOK billion, %



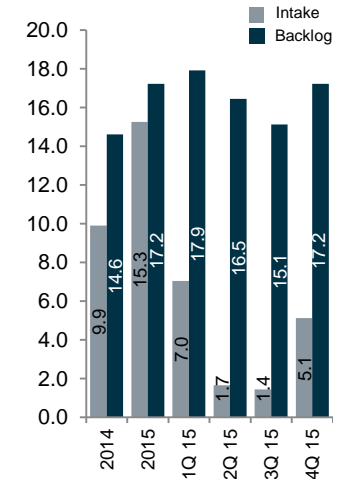
EBIT and margin
NOK billion, %



Net capital employed
NOK billion



Order intake & backlog
NOK billion

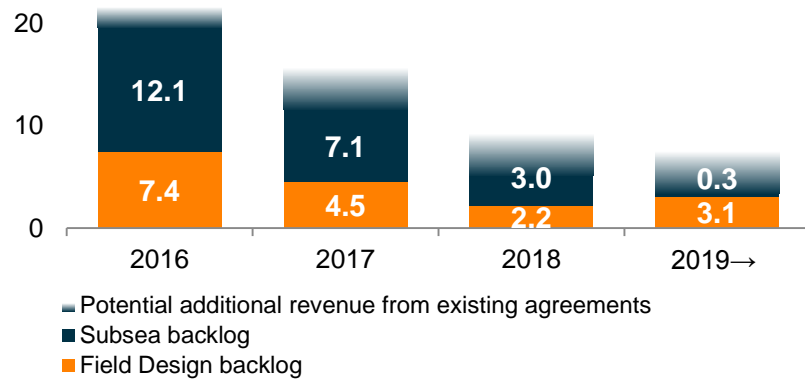


¹ EBIT excluding special items was NOK 204 million and the EBIT margin excluding special items was 6.4% in 4Q 2015

Good Visibility From Substantial Order Backlog¹

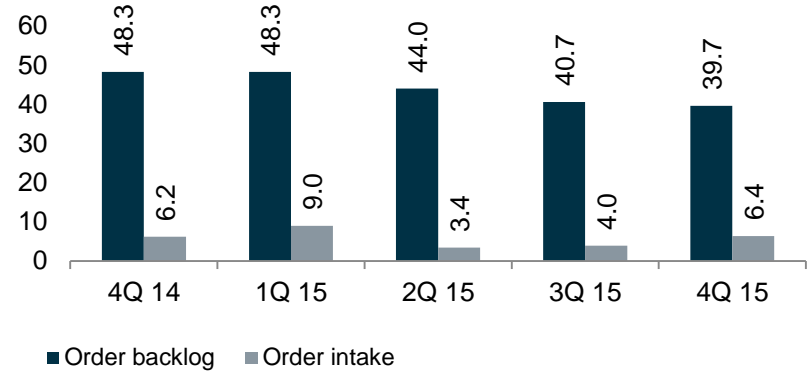
4Q 2015 Order backlog by execution date

NOK billion



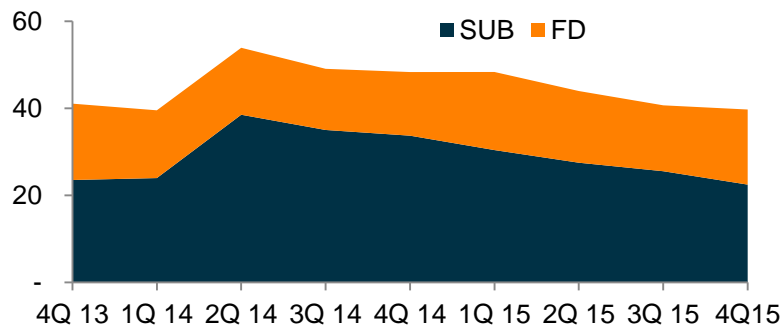
Order backlog and intake evolution

NOK billion



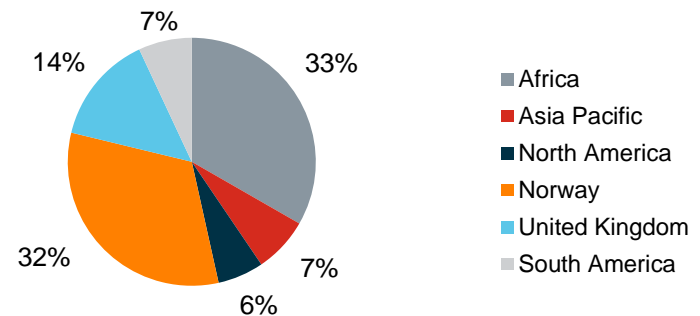
Order backlog by business area

NOK billion



End 4Q 2015 Order backlog by region

NOK billion



¹ Firm backlog only, excludes majority of service business and potential additional revenue from existing agreements and options

Financial Guidance

Revenue

- Positive long-term offshore, deepwater outlook
- Near-term uncertainty on timing of awards
- Aim to at least maintain market share in main subsea, field design markets

Balance sheet

- Maintenance capex/R&D \approx 3% of revenue
- Current major capex investment plans to be finished in 2016
- Working capital: likely to fluctuate around large project work but on average will be \approx 5-7% of group revenue

Margins and returns

- We aim to gradually move toward peer group margin levels in Subsea
- We expect gradual recovery in Field Design
- We aim for Subsea ROACE of 20-25% over medium term

Financial policy

- Net interest-bearing debt/EBITDA \approx 1
- Net interest-bearing debt/Equity $<$ 0.5
- Dividend payments should over time amount to 30-50% of net profit

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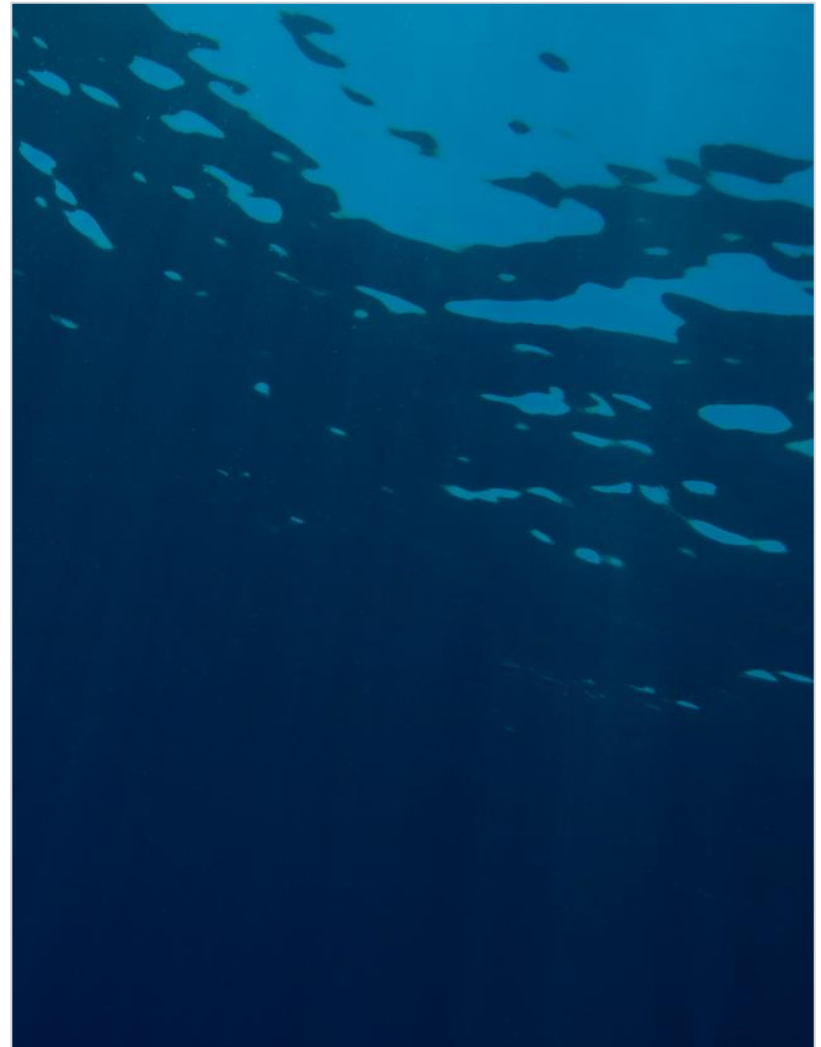


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Q&A Session



Additional information

4Q 2015

Special items

NOK million

Special items (EBITDA)	1Q 2015	2Q 2015	3Q 2015	4Q 2015	YTD 2015
Onerous lease cost ¹	52	58	40	114	265
Restructuring cost ²	0	2	41	373	416
Non-qualifying hedges	18	36	25	15	94
Demerger and other costs	4	4	4	11	22
Special items (EBIT)					
Impairment losses ³	26	3	11	123	163
Total	100	103	121	636	960

¹⁾ Onerous lease costs are included in the “other” segment and has not impacted the BA results

²⁾ Restructuring cost in 4Q is related to Subsea (NOK 134 million) and Field Design (NOK 239 million). For 2015, restructuring cost is NOK 166 million in Subsea and NOK 250 million in Field Design.

³⁾ Impairments are primarily related to Subsea with NOK 108 million for 4Q and NOK 145 million for 2015

Consolidated income statement

NOK million

Income statement consolidated	1Q 2014	2Q 2014	3Q 2014	4Q 2014	FY 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	FY 2015
Operating revenue and other income	7,482	8,060	8,274	9,155	32,971	8,500	8,048	7,484	7,864	31,896
EBITDA	666	608	615	786	2,675	591	547	521	182	1,841
Of which related to hedging	28	(25)	2	(91)	(86)	(18)	(36)	(25)	(15)	(94)
Depreciation, amortization and impairment	(145)	(136)	(156)	(228)	(665)	(183)	(171)	(192)	(337)	(882)
EBIT	521	472	460	557	2,010	409	376	329	(155)	958
Net financial items	(24)	(19)	(4)	(197)	(244)	(82)	(106)	(30)	(102)	(320)
Foreign exchange on disqualified hedging instruments	(106)	73	(32)	115	51	11	41	15	(21)	46
Profit before tax	391	526	424	476	1,817	338	310	315	(278)	685
Income tax expense	(108)	(137)	(154)	(117)	(516)	(118)	(102)	(110)	28	(302)
Profit for the period	283	388	270	359	1,300	220	209	205	(250)	383
EBITDA margin	8.9 %	7.5 %	7.4 %	8.6 %	8.1 %	7.0 %	6.8 %	7.0 %	2.3 %	5.8 %
Basic earnings per share (NOK)	1.03	1.41	0.97	1.30	4.71	0.79	0.73	0.75	-0.83	1.44

Consolidated assets & debt and equity

NOK million

Assets	4Q 2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015
Property, plant and equipment	3,072	3,067	3,180	3,203	3,603	3,586	3,754	3,792	3,962
Intangible assets	5,524	5,585	5,731	5,810	6,143	6,238	6,388	6,518	6,539
Financial assets (non-current)	17	17	23	17	17	17	17	17	16
IB receivables (non-current)	0	3	6	15	9	10	10	10	20
IB receivables (current)	106	112	-0	299	82	8	8	-	117
Other current assets	12,792	12,591	13,805	15,732	14,197	14,381	14,520	15,252	13,213
Cash & bank deposits	4,463	4,041	4,009	1,064	3,339	2,816	1,958	2,651	3,862
Total Assets	25,975	25,416	26,754	26,139	27,391	27,055	26,654	28,241	27,729

Debt and equity	4Q 2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015
Shareholder's equity	6,231	7,046	7,534	5,125	5,677	5,707	5,836	6,326	6,397
Minority interests	156	161	175	186	216	239	241	253	234
Non IB liabilities (non-current)	1,802	1,890	1,922	1,662	1,391	1,338	1,445	1,472	881
Interest bearing debt (non-current)	3,533	3,650	3,710	3,652	3,154	3,142	3,685	3,122	3,137
Non IB liabilities (current)	14,239	12,653	13,396	15,298	16,279	16,049	15,356	16,584	16,520
Interest bearing current liabilities	14	16	17	216	674	581	91	483	561
Total Liabilities and shareholder's equity	25,975	25,416	26,754	26,139	27,391	27,055	26,654	28,241	27,729

Net current operating assets, excluding held for sale	98	1,492	336	880	-688	90	656	315	-1,607
Net interest bearing items	-1,023	-491	-288	2,491	397	889	1,801	943	-301
Equity	6,387	7,207	7,710	5,310	5,893	5,945	6,077	6,579	6,630
Equity ratio (in %)	24.6	28.4	28.8	20.3	21.5	22.0	22.8	23.3	23.9

Consolidated cashflow

NOK million

Cash flow	FY 2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	FY 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	FY 2015
EBITDA continuing operations	2,162	623	587	617	785	2,675	591	547	521	182	1,841
Change in cash flow from operating activities	497	(1,510)	1,239	(968)	1,271	(30)	(1,005)	(627)	311	1,414	93
Net cash flow from operating activities	2,659	(887)	1,826	(351)	2,057	2,645	(414)	(80)	832	1,595	1,934
Capital expenditure fixed assets	(996)	(132)	(166)	(203)	(315)	(816)	(118)	(297)	(165)	(261)	(841)
Capital expenditure internal development	(498)	(120)	(115)	(124)	(195)	(554)	(109)	(125)	(94)	(121)	(449)
Proceeds from sale of businesses	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries, net of cash acquired	(619)	-	(15)	-	(36)	(51)	-	-	-	(3)	(3)
Cash flow from other investing activities	3	(4)	25	(18)	50	53	(0)	3	(1)	(7)	(5)
Net cash flow from investing activities	(2,110)	(256)	(271)	(345)	(496)	(1,368)	(227)	(419)	(261)	(392)	(1,299)
Change in external borrowings	(136)	88	(3)	119	(170)	34	31	49	(8)	25	98
Other financing activities	-	-	6	(10)	(125)	(129)	65	(4)	9	(96)	(26)
Net contribution from (to) parent	859	626	(1,643)	(2,349)	632	(2,734)	-	(394)	-	-	(394)
Net cash flow from financing activities	723	714	(1,640)	(2,240)	337	(2,829)	95	(349)	2	(71)	(323)
Translation adjustments	36	7	53	(9)	377	428	22	(10)	120	79	211
Net decrease (-) / increase (+) in cash and bank deposits	1,308	(422)	(32)	(2,945)	2,275	(1,124)	(523)	(859)	693	1,211	523
Cash and bank deposits as at the beginning of the period	3,155	4,463	4,041	4,009	1,064	4,463	3,339	2,816	1,958	2,651	3,339
Cash and bank deposits as at the end of the period	4,463	4,041	4,009	1,064	3,339	3,339	2,816	1,958	2,651	3,862	3,862

Split per segment

NOK million

Revenues	1Q 2014	2Q 2014	3Q 2014	4Q 2014	FY 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	FY 2015
Subsea	4,105	4,672	5,054	5,461	19,293	5,077	4,820	4,452	4,752	19,101
Field Design	3,404	3,408	3,210	3,688	13,710	3,467	3,293	2,990	3,170	12,920
Other	21	31	62	90	205	41	50	104	79	273
Eliminations	(48)	(51)	(52)	(85)	(236)	(85)	(115)	(62)	(137)	(398)
Revenues	7,482	8,060	8,274	9,155	32,971	8,500	8,048	7,484	7,864	31,896

EBITDA	1Q 2014	2Q 2014	3Q 2014	4Q 2014	FY 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	FY 2015
Subsea	405	540	530	584	2,058	507	487	433	352	1,778
Field Design	258	143	174	293	868	183	190	170	(1)	543
Other	3	(75)	(88)	(91)	(252)	(99)	(130)	(82)	(169)	(480)
EBITDA	666	608	615	786	2,675	591	547	521	182	1,841

EBIT	1Q 2014	2Q 2014	3Q 2014	4Q 2014	FY 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	FY 2015
Subsea	294	425	399	417	1,536	353	344	278	70	1,045
Field Design	233	131	142	220	725	154	161	138	(50)	404
Other	(5)	(84)	(82)	(80)	(251)	(99)	(130)	(86)	(175)	(490)
EBIT	521	472	460	557	2,010	409	376	329	(155)	958

Split per segment

NCOA	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015
Subsea	1,322	327	742	(332)	18	724	611	(472)
Field Design	275	250	532	71	212	54	(238)	(861)
Other	(105)	(241)	(394)	(427)	(140)	(122)	(58)	(275)
NCOA	1,492	336	880	(688)	90	656	315	(1,607)

Net capital employed	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015
Subsea	4,940	4,392	4,549	3,989	4,322	5,157	5,130	4,702
Field Design	62	(17)	299	11	384	206	(106)	(362)
Other	3,262	2,973	3,584	3,685	3,887	4,007	4,146	3,689
Net capital employed	8,264	7,347	8,432	7,685	8,593	9,370	9,170	8,029

Order intake	1Q 2014	2Q 2014	3Q 2014	4Q 2014	FY 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	FY 2015
Subsea	4,423	18,463	1,791	2,630	27,306	1,998	1,782	2,537	1,343	7,660
Field Design	1,508	2,993	1,859	3,539	9,899	7,045	1,657	1,444	5,118	15,263
Other	17	11	27	134	190	50	55	64	118	287
Eliminations	(51)	(59)	(50)	(100)	(260)	(81)	(58)	(88)	(191)	(418)
Order intake	5,897	21,408	3,626	6,203	37,135	9,012	3,436	3,957	6,388	22,793

Order backlog	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015
Subsea	23,973	38,508	35,015	33,702	30,403	27,522	25,538	22,476
Field Design	15,556	15,376	14,035	14,609	17,927	16,453	15,131	17,235
Other	79	59	(70)	(15)	(6)	0	(42)	0
Eliminations	(14)	(21)	9	(6)	(3)	54	30	(27)
Order backlog	39,594	53,922	48,989	48,289	48,322	44,029	40,657	39,684

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