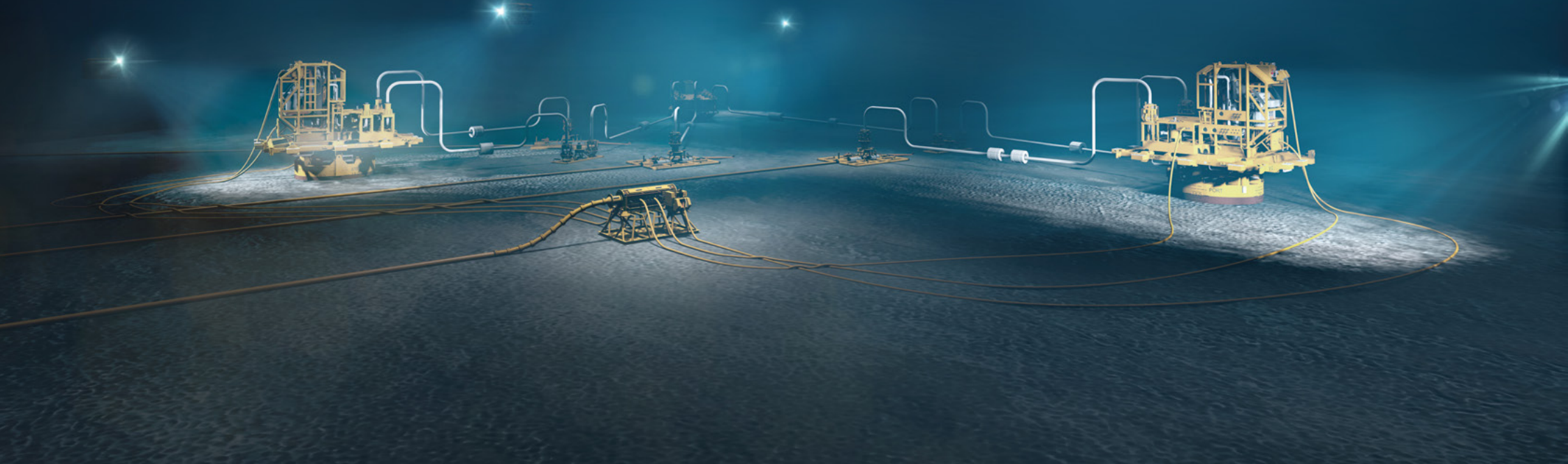




Aker Solutions  
Half-Year Results for 2018

**Vision.** Building on almost 200 years of technological and engineering excellence, Aker Solutions is at the forefront in forging a sustainable future for the energy industry and the world it serves. A spirit of collaboration and openness is at the heart of this effort as we set new standards and solve new challenges.



# Key Figures

<i>Amounts in NOK million</i>	1H 2018	1H 2017
Revenue	11,737	10,598
<b>EBITDA</b>	<b>864</b>	<b>660</b>
EBITDA margin	7.4%	6.2%
<b>EBITDA ex. special items<sup>1</sup></b>	<b>825</b>	<b>763</b>
EBITDA margin ex. special items <sup>1</sup>	7.1%	7.2%
Depreciation, amortization and impairments	(384)	(411)
<b>EBIT</b>	<b>480</b>	<b>249</b>
EBIT margin	4.1%	2.4%
<b>EBIT ex. special items<sup>1</sup></b>	<b>455</b>	<b>356</b>
EBIT margin ex. special items <sup>1</sup>	3.9%	3.4%
Net financial items	(133)	(124)
FX on disqualified hedging instruments	(16)	17
<b>Income (loss) before tax</b>	<b>331</b>	<b>143</b>
Income tax	(110)	(47)
<b>Net income (loss)</b>	<b>222</b>	<b>95</b>
Earnings per share (NOK)	0.80	0.32
Earnings per share (NOK) ex. special items <sup>1</sup>	0.78	0.57

<sup>1)</sup> Excludes special items for costs related to the impact of currency derivatives not qualifying for hedge accounting and onerous lease and restructuring costs. For more information on special items see section on alternative performance measures on page 28.

## Projects

<i>Amounts in NOK million</i>	1H 2018	1H 2017
Revenue	9,101	8,297
EBITDA	636	483
EBITDA margin	7.0%	5.8%
EBITDA ex. special items	650	564
EBITDA margin ex. special items	7.1%	6.8%
Order intake	11,419	6,678
Order backlog	27,286	23,371

## Services

<i>Amounts in NOK million</i>	1H 2018	1H 2017
Revenue	2,496	2,224
EBITDA	307	296
EBITDA margin	12.3%	13.3%
EBITDA ex. special items	309	299
EBITDA margin ex. special items	12.4%	13.4%
Order intake	2,896	867
Order backlog	9,802	7,328

# Key Developments

## Key Financial Developments

Aker Solutions' revenue increased to NOK 11.7 billion in the first half of 2018 from NOK 10.6 billion a year earlier. Earnings before interest, taxes, depreciation and amortization (EBITDA) increased to NOK 864 million in the period from NOK 660 million a year earlier. The EBITDA margin widened to 7.4 percent in the first half from 6.2 percent a year earlier. Excluding special items, EBITDA was NOK 825 million in the first half compared with NOK 763 million a year earlier and the EBITDA margin was 7.1 percent versus 7.2 percent. Earnings per share (EPS) were NOK 0.80 in the period compared with NOK 0.32 a year earlier.

The company has two reporting segments: Projects and Services. Revenue in Projects increased to NOK 9.1 billion in the first half from NOK 8.3 billion a year earlier amid generally higher market activity. The EBITDA margin was 7.0 percent in the period compared with 5.8 percent a year earlier. Revenue in Services increased to NOK 2.5 billion in the first half from NOK 2.2 billion a year earlier, primarily driven by higher activity. The EBITDA margin decreased to 12.3 percent in the period from 13.3 percent a year earlier, due to a changing activity mix, somewhat mitigated by strong operational performance.

The company's order intake was NOK 14.3 billion in the first half, compared with NOK 7.6 billion a year earlier. This brought the order backlog to NOK 37 billion at the end of June against NOK 30.7 billion a year earlier. The backlog is based on the value of signed contracts and the estimated value of firm periods in framework agreements and service contracts. The estimated value of options is not included.

In Norway, new orders in the first half included a contract to provide subsea production systems and services for the Troll Phase 3 and Askeladd natural-gas developments, as well as work to deliver a module for the Troll A platform. The company also secured an order from Wintershall to provide the subsea production system, umbilicals and services for the Nova development and an order to deliver modules for the floating production storage and offloading vessels for Johan Castberg. Together with Kvaerner, Aker Solutions secured a contract for field center modifications at phase 2 of the Johan Sverdrup field. In Brazil, the company won a contract to provide maintenance and modifications services for three platforms at Petrobras-operated oil and gas fields. Aker Solutions also secured a three-year contract extension from Perenco UK to continue operations and maintenance services on its southern North Sea assets.

Aker Solutions continued to experience a strong demand for its front-end engineering capabilities, winning 73 study awards in the first half for projects in Norway, the UK, the U.S., Brazil, Australia and Malaysia. That compares with 71 in the first half of 2017.

The company's order intake was **NOK 14.3 billion** in the first half, compared with NOK 7.6 billion a year earlier.

The company's liquidity reserves were strong at the end of June with cash and bank deposits of NOK 2.4 billion. Undrawn and committed long-term revolving bank credit facilities were NOK 5 billion and the total liquidity buffer was NOK 7.4 billion. The company issued a NOK 1.5 billion bond in the first half. Aker Solutions also signed a new revolving credit facility agreement in March 2018 with a syndicate of twelve banks. It has the same amount, tenor and leverage covenants as the previous revolver at 3.5 times net debt to EBITDA. Net current operating assets were a negative NOK 1.4 billion at the end of June versus a negative NOK 454 million a year earlier. The company's working capital is expected to gradually trend toward a more normalized 2 to 4 percent of group revenue over the next nine to 12 months.

### Key Operational Developments

Aker Solutions delivered strong execution on major projects globally in the first half of 2018. The company also made good progress on the second phase of its global improvement program, #thejourney, which emphasizes continuous improvement. The company is targeting an additional cost-efficiency improvement of at least 5 percent per year by the end of 2021. Aker Solutions has simplified its work methods, organizational setup and geographic footprint to drive improvements across the business. The company is also standardizing its products and services and boosting efficiency through innovation and digital technologies.

Aker Solutions formed a long-term strategic collaboration with the software company, Cognite, under which it will use its industrial data platform to collect and analyze large volumes of data from offshore installations to help reduce costs, lower risks and improve performance for field developments and operations. Aker Solutions also formed Software House to develop software that drives efficiencies through the life of an energy asset. Software House incorporates the company's PUSH program, an initiative to improve efficiency in field developments and offshore maintenance projects. Responsibility for digitalization was divided between Software House and the IT function to further operationalize and strengthen the execution capabilities and deliver the company's digitalization strategy.

To further improve the company's own operations and efficiency, Aker Solutions started moving its internal SAP applications to SAP's cloud-based platform. The move will save Aker Solutions about 20 percent on software licensing costs alone.

In February, Aker Solutions announced its investment in offshore floating wind power technology company Principle Power Inc., marking its entry into a growing renewable energy market. The two companies formed a partnership that will utilize Aker Solutions' offshore expertise, particularly in floating facilities, to bring Principle Power's technology to a broader market. In April, Aker Solutions was selected with its partners to pursue the development of an offshore floating wind farm off the coast of California. In June, Aker Solutions started work on the front-end engineering and design for a full-scale carbon capture plant at a cement factory in Norway after the government approved funding for the FEED.

The company maintained its permanent workforce compared with the same period a year earlier, with the number of own employees about 14,000 at the end of June. Aker Solutions increased the number of contractors hired in by about 1,500. Maintaining a flexible workforce reduces the risk of downsizing own employees due to fluctuations in projects and work.



### Health, Safety, Security and Environment

Aker Solutions promotes safe, reliable and sustainable operations to achieve its goal of zero harm to people, assets and the environment through a company-wide system that sets the standard for HSSE management and leadership. Regular audits aim to uncover possible shortcomings so that measures can be identified and initiated. The company investigates all serious incidents and high-potential near misses to learn from these and improve.

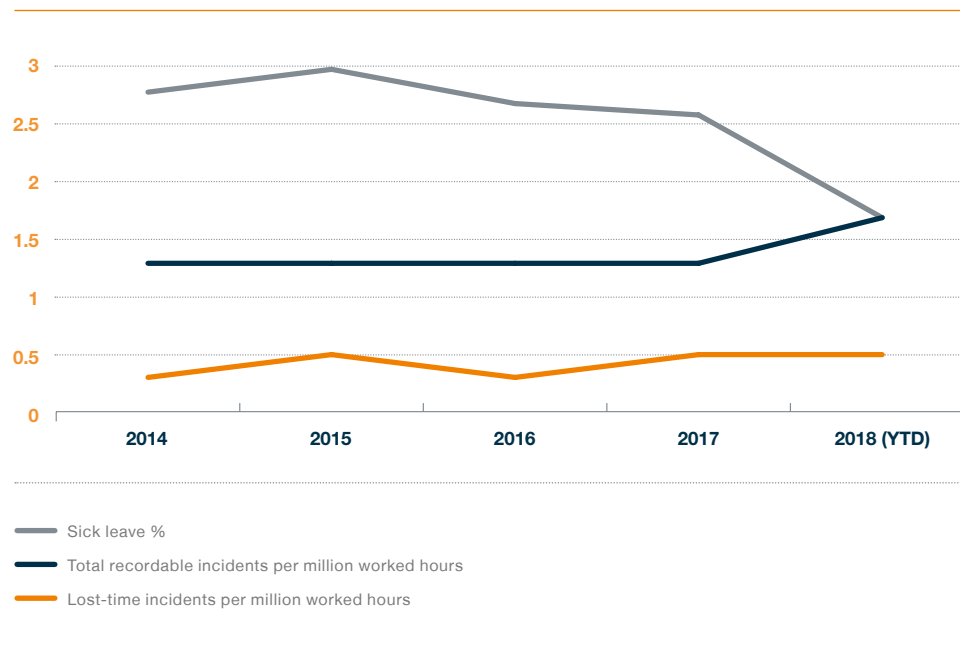
The company had 38 recordable injuries in the first half of 2018, nine of which resulted in lost time. Most of the cases were related to construction and manual handling aspects resulting in cuts, pinches or foreign objects in the eye. The lost-time injury frequency increased to 0.50 in the first half compared with 0.44 in the same period a year earlier. The frequency of total recordable injuries in the same period declined to 1.70 from 1.76. Changes in the frequencies were primarily related to an increase in hours worked while the number of injuries remained fairly stable. Both frequencies are 12-month rolling and per million worked hours. This includes subcontractors under our direct management. Sick leave declined to 1.7 percent from 2.6 percent in 2017. Sick leave is calculated as a monthly average based on the first half of 2018.

Aker Solutions' HSSE culture is founded on the principle that HSSE is the personal responsibility of every employee. In the first half of the year, the company continued activities under its HSSE mindset program, launched in 2017. The program aims to raise employee awareness about key HSSE issues and to promote behavior that enhances safety. In the period, the program focused on mental health and well-being and making a green contribution. In the second half of the year, Aker Solutions will focus on major accident hazards and security.

The company sent regular video messages to its global workforce to communicate HSSE information on personal zero targets and risk awareness. Aker Solutions also launched a project to raise awareness and focus on process safety. This was aligned with guidelines and industry best practice in line with the International Association of Oil & Gas Producers.

The company continuously works to identify, analyze and mitigate intentional security threats to personnel and assets. The company did not experience any serious environmental or security incidents in the first half of 2018.

### HSE Performance Indicators



### Market Outlook

The outlook for oil services remains challenging, but there are increasing signs of recovery. Higher oil prices and declining development costs are helping the recovery. Simpler field architecture and more effective collaboration are also spurring new investments.

Several large oil and gas projects were sanctioned in the past six to nine months and activity has picked up offshore Norway. Aker Solutions continued to see strong demand for front-end engineering, an indication of an increase in activity. The company secured key greenfield and brownfield contracts. The company expects to see more projects being sanctioned this year and next amid continued fierce competition.

Longer term, the outlook remains positive. Declining reserves and lower oil and gas production in many parts of the world are expected to generate investments in new developments and increased recovery from existing fields. Aker Solutions is well placed in key regions to provide capabilities and technologies to lower development costs and improve recovery rates.

Tendering is steady and Aker Solutions is bidding for contracts totaling about NOK 50 billion compared to about NOK 60 billion a year ago. The majority of these are in the subsea area where the company expects some key projects to be awarded this year.

Improved operations, cost reductions and a strong order intake helped support margins in the first half of the year. These efforts are expected to continue supporting margins for the rest of 2018. The company sees overall revenue in 2018 up close to 10 percent from the prior year. Revenue is expected to grow in both Projects and Services and across sub-segments.

The company maintains its outlook for full-year underlying EBITDA margins to remain around current levels even as new orders enter the backlog and newly awarded work is in an early phase of execution.

### Risk Factors

Aker Solutions' global footprint, operations and exposure to energy markets provide both opportunities and risks that may affect the company's operations, performance, finances, reputation and share price.

Financial results are affected by project execution, customers' behavior and market developments, including fluctuations in energy prices. The company's performance and financial results are also impacted by costs across the value chain and its inherent complexity.

Through its business, Aker Solutions is exposed to legal, regulatory and political risks, such as tax changes, decisions on environmental regulation and international sanctions that impact supply and demand, as well as risks associated with unethical and criminal behavior. The company is exposed to a range of cyber-security threats with so-called phishing the most prominent type. Attacks of this nature could lead to loss of intellectual property, loss of data integrity or system unavailability and risks are mitigated through awareness campaigns and utilization of various protection technologies.

The company is also exposed to risks stemming from climate change and the transition to a lower carbon economy. This includes changes to policy, laws, regulations, technology and markets that could increase costs, reduce demand for the company's products, reduce revenue and limit some growth opportunities. Risks are mitigated by investing in sustainable energy such as floating offshore wind and technology to capture emissions such as carbon capture and storage. Aker Solutions is also exposed to financial market risks, including changes in currency rates, interest rates, credit and counterparty risks, as well as risks associated with access to and terms of financing.

The annual report for 2017 provides more information on risks and uncertainties.

Fornebu, July 11, 2018  
The Board of Directors and CEO of Aker Solutions ASA

**Integrity** is at the core of our values.  
Wherever we operate. It guides how we  
connect with our customers and our health,  
safety, security and environment mindset.





# Declaration by the Board of Directors and CEO

The board and CEO have today considered and approved the condensed, consolidated financial statements for the six months ending June 30, 2018 for the Aker Solutions group.

This declaration is based on information received by the board through reports and statements from the CEO, CFO and/or on the results of the Aker Solutions group's business as well as other information essential to assess the group's position.

To the best of our knowledge:

- The condensed, consolidated financial statements for the six months ending June 30, 2018 for the Aker Solutions group have been prepared in accordance with all applicable accounting standards.
- The information provided in the condensed, consolidated financial statements gives a true and fair view of the Aker Solutions group's assets, liabilities, financial position and results taken as a whole as of June 30, 2018.
- Aker Solutions' report and condensed, consolidated financial statements for the six months ending June 30, 2018 provide a true and fair overview of:
  - the development, performance and financial position of the Aker Solutions group taken as a whole.
  - important events that have occurred during the accounting period and their impact on the financial statements as well as a description of the most significant risks and uncertainties facing the Aker Solutions group for the remaining six months of the financial year.

Fornebu, July 11, 2018  
Board of Directors and CEO of Aker Solutions ASA

  
**Øyvind Eriksen**  
Chairman

  
**Koosum Kalyan**  
Director

  
**Kristian Røkke**  
Director

  
**Birgit Aagaard-Svendsen**  
Director

  
**Henrik O. Madsen**  
Director

  
**Atle Teigland**  
Director

  
**Hilde Karlsen**  
Director

  
**Oddvar Hølland**  
Director

  
**Luis Araujo**  
Chief Executive Officer

# Figures and Notes

## Aker Solutions Group

The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding. The periodic figures are not audited, except the annual 2017 figures that have been derived from the audited financial statements.



# Income Statement

Condensed consolidated income statement

<i>NOK million. Unaudited.</i>	Note	1H 2018	1H 2017	2017
Revenue	4, 5	11,737	10,598	22,461
Operating expenses		(10,872)	(9,938)	(20,941)
<b>Operating income before depreciation, amortization and impairment</b>	5	<b>864</b>	<b>660</b>	<b>1,519</b>
Depreciation, amortization and impairment	9, 10	(384)	(411)	(948)
<b>Operating income</b>	5	<b>480</b>	<b>249</b>	<b>571</b>
Net financial items	6	(149)	(107)	(172)
<b>Income before tax</b>		<b>331</b>	<b>143</b>	<b>399</b>
Income tax		(110)	(47)	(160)
<b>Net income for the period</b>		<b>222</b>	<b>95</b>	<b>239</b>
<b>Net income attributable to:</b>				
Equity holders of the parent company		217	86	221
Non-controlling interests		4	9	18
<b>Earnings per share in NOK (basic and diluted)</b>	12	<b>0.80</b>	<b>0.32</b>	<b>0.81</b>

The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding.

# Other Comprehensive Income (OCI)

Condensed consolidated statement of other comprehensive income

<i>NOK million, Unaudited.</i>	1H 2018	1H 2017	2017
<b>Net income for the period</b>	<b>222</b>	<b>95</b>	<b>239</b>
<b>Other comprehensive income:</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Cashflow hedges, effective portion of changes in fair value	(27)	196	348
Cashflow hedges, reclassification to income statement	(33)	132	233
Cashflow hedges, deferred tax	15	(83)	(147)
Translation differences - foreign operations	(462)	58	112
<b>Total</b>	<b>(508)</b>	<b>303</b>	<b>546</b>
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurements of defined pension obligations	0	0	(60)
Remeasurements of defined pension obligations, deferred tax asset	0	0	10
Change in fair value of equity investments	9	(14)	(17)
<b>Total</b>	<b>9</b>	<b>(14)</b>	<b>(67)</b>
<b>Total comprehensive income, net of tax</b>	<b>(277)</b>	<b>385</b>	<b>718</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent company	(279)	374	701
Non-controlling interests	1	11	17



# Balance Sheet

Condensed consolidated balance sheet

<i>NOK million. Unaudited.</i>	Note	June 30, 2018	June 30, 2017	December 31, 2017
Property, plant and equipment	10	2,977	3,564	3,316
Intangible assets	9	5,646	5,876	5,814
Deferred tax asset		644	649	633
Other investments	15	97	62	91
Other non-current assets		87	104	106
<b>Total non-current assets</b>		<b>9,451</b>	<b>10,255</b>	<b>9,960</b>
Current tax assets		134	228	174
Current operating assets	7, 14	8,115	7,310	7,271
Derivative financial instruments	13	209	142	226
Interest-bearing receivables		103	298	128
Cash and cash equivalents		2,440	1,211	1,978
<b>Total current assets</b>		<b>11,001</b>	<b>9,188</b>	<b>9,775</b>
<b>Total assets</b>		<b>20,452</b>	<b>19,443</b>	<b>19,736</b>

<i>NOK million. Unaudited.</i>	Note	June 30, 2018	June 30, 2017	December 31, 2017
Total equity attributable to the parent	12	6,828	6,651	6,981
Non-controlling interests	12	28	110	67
<b>Total equity</b>		<b>6,856</b>	<b>6,761</b>	<b>7,047</b>
Non-current borrowings	11, 13	2,703	1,729	2,576
Pension obligations		538	530	556
Deferred tax liabilities		227	280	238
Other non-current liabilities		83	70	83
<b>Total non-current liabilities</b>		<b>3,551</b>	<b>2,609</b>	<b>3,453</b>
Current tax liabilities		37	59	43
Current borrowings	11, 13, 14	118	1,484	539
Current operating liabilities	7, 8	9,628	7,933	8,246
Derivative financial instruments	13	262	598	408
<b>Total current liabilities</b>		<b>10,045</b>	<b>10,073</b>	<b>9,236</b>
<b>Total liabilities and equity</b>		<b>20,452</b>	<b>19,443</b>	<b>19,736</b>

# Cashflow

Condensed consolidated statement of cashflow

<i>NOK million. Unaudited.</i>	Note	1H 2018	1H 2017	2017
Income before tax		331	143	399
Depreciation, amortization and impairment	9, 10	384	411	948
Other cashflow from operating activities		135	(913)	(760)
<b>Net cashflow from operating activities</b>		<b>851</b>	<b>(359)</b>	<b>587</b>
Acquisition of property, plant and equipment	10	(130)	(69)	(211)
Payments for capitalized development	10	(71)	(76)	(149)
Acquisition of subsidiary, net of cash acquired		(0)	(221)	(221)
Change in current interest-bearing receivables		0	179	264
Other cashflow from investing activities		124	3	10
<b>Net cashflow from investing activities</b>		<b>(77)</b>	<b>(185)</b>	<b>(308)</b>
Proceeds from borrowings	12	1 502	1 334	1 317
Repayment of borrowings	12	(1 685)	(2 027)	(2 078)
Paid dividend to non-controlling interest		0	(23)	(27)
Acquisition of non-controlling interests		0	0	(47)
Other financing activities		1	(29)	0
<b>Net cashflow from financing activities</b>		<b>(182)</b>	<b>(745)</b>	<b>(835)</b>
Effect of exchange rate changes on cash and cash equivalents		(130)	21	54
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>462</b>	<b>(1,269)</b>	<b>(502)</b>
Cash and cash equivalents as at the beginning of the period		1,978	2,480	2,480
<b>Cash and cash equivalents as at the end of the period</b>		<b>2,440</b>	<b>1,211</b>	<b>1,978</b>



# Equity

Condensed consolidated statement of changes in equity

	Note	Contributed equity and retained earnings	Other reserves	Total equity attributable to the parent's equity holders	Non- controlling interest	Total equity
<i>NOK million. Unaudited.</i>						
Equity as of January 1, 2017		5,660	618	6,278	138	6,415
Total comprehensive income		86	287	374	11	385
Change in non-controlling interest				0	(39)	(39)
<b>Equity as of June 30, 2017</b>		<b>5,746</b>	<b>905</b>	<b>6,651</b>	<b>110</b>	<b>6,761</b>
<b>Equity as of December 31, 2017</b>		<b>7,165</b>	<b>(184)</b>	<b>6,981</b>	<b>67</b>	<b>7,047</b>
Effect of implementing IFRS 9	13	0	181	181	0	181
Effect of implementing IFRS 15	4	0	(55)	(55)	(40)	(95)
<b>Equity as of January 1, 2018</b>		<b>7,165</b>	<b>(58)</b>	<b>7,107</b>	<b>26</b>	<b>7,133</b>
Total comprehensive income		217	(496)	(279)	1	(277)
<b>Equity as of June 30, 2018</b>		<b>7,382</b>	<b>(553)</b>	<b>6,828</b>	<b>28</b>	<b>6,856</b>

# Notes

## Note 1 General

Aker Solutions is global provider of products, systems and services to the oil and gas industry. The group employs about 14,100 people with operations in 24 countries world-wide, with head office based in Fornebu, Norway. The parent company, Aker Solutions ASA, is a Norwegian limited liability company listed on the Oslo Stock Exchange under the ticker AKSO.

The consolidated financial statements of Aker Solutions ASA incorporate the financial statements of the company and its subsidiaries collectively referred to as “the group” or “the company” and separately as group companies. The parent company Aker ASA publishes consolidated financial statements. The Resource Group TRG AS is the ultimate parent company of Aker Solutions ASA. The interim financial statements are unaudited.

## Note 2 Basis for Preparation

### Statement of Compliance

Aker Solutions’ interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by EU and their interpretations adopted by the International Accounting Standards Board (IASB). The condensed consolidated interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. As the interim condensed consolidated financial statements do not include all the information and disclosures required in the annual report, they should be read in conjunction with the 2017 Annual Report available at [www.akersolutions.com](http://www.akersolutions.com).

### Changes in Accounting Policies

The accounting principles adopted in these interim financial statements are consistent with those described in the 2017 Annual Report, with the exception of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments which were effective from January 1, 2018. See description in note 4 and 13.

### The New Leasing Standard

The IASB has issued IFRS 16 Leasing that will be implemented in 2019. The new standard for leasing will significantly change how the company accounts for its lease contracts for land, buildings and machines currently accounted for as operating leases. Under IFRS 16, an on-balance sheet model similar to the current financial leases accounting will be applied to all lease contracts. Only leases shorter than twelve months and low value leases such as computers and office equipment will be exempt. Assets and liabilities will increase with the net present value of future lease payments. The undiscounted value of future lease commitments was NOK 7,4 billion per December 31, 2017 (see note 19 in the 2017 Annual Report). The expected lease liability upon transition at January 1, 2019 is expected to be lower due to the effect of discounting the future commitments, in addition to one more year of lease liability being consumed. The EBITDA after implementation will increase as the lease payments will be presented as depreciation and finance cost rather than operating expenses. The company is currently reviewing the lease commitments location by location and has not yet completed the calculations of the full effect. The company will implement the lease standard using a modified method with cumulative impact recognized in retained earnings and no restatement of comparative figures.

## Note 3 Judgments, Estimates and Assumptions

The preparation of consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions each reporting period that affect the income statement and balance sheet. The accounting estimates will by definition seldom match actual results. The judgments and estimates are based on historical experience or other factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes to accounting estimates are recognized in the period in which the estimate is revised and any subsequent periods the change relates to.

In preparing these interim financial statements, significant judgments made by management in applying the group’s accounting policies and the key sources of uncertainty in the estimates were consistent with those described in the 2017 Annual Report available on [www.akersolutions.com](http://www.akersolutions.com).



## Note 4 Revenue

### Financial Reporting Principles

IFRS 15 *Revenue from Contracts with Customers* was adopted on January 1, 2018. The company has applied a modified implementation method, with cumulative impact recognized in retained earnings and no restatement of 2017 figures. The standard supersedes IAS 11 *Construction Contracts* and IAS 18 *Revenue*. IFRS 15 introduces a new five-step model that applies to all customer contracts. The following principles have been applied:

- Only approved customer contracts and scope changes are basis for revenue recognition
- The deliveries in the contracts are reviewed to identify distinct performance obligations
- Revenue is recognized over time using either a cost progress method or revenue is recognized as time and materials are delivered
- Variable considerations such as incentive payments are included in revenue when they are highly probable
- Profit is not recognized until the outcome of the performance obligations can be measured reliably
- Expected liquidated damages (LD) are recognized as a reduction of revenue unless it is highly probable LDs will not be incurred
- Contract costs are expensed as incurred
- Any waste cost is excluded from the cost progress calculation

### Judgments and Estimates

The customer contracts sometimes require significant management judgments to be made, especially when experiencing operational challenges. The most significant judgments and estimates in the customer contracts include estimate of total contract cost, LDs, scope changes and incentive payments. These are described in note 3 to the 2017 Annual Report.

### Types of Customer Contracts

The revenue in Aker Solutions consists of various contracts for the engineering, procurement, construction, modification and maintenance of various oil and gas installations.

**Subsea:** The engineering, procurement and construction contracts (EPC) for the sale of subsea production equipment and systems are mainly lumpsum with potential liquidated damages (LDs). LDs are penalties for not delivering according to agreed milestones. Deliveries include stand-alone subsea equipment or complete subsea systems of x-mas trees, manifolds, umbilicals, controls systems, tie-in and other types of subsea equipment. Most contracts last more than one year and can be as long as five years. Revenue is recognized using a cost progress method based on cost incurred for work performed to date in percentage of total estimated cost. Estimates of total contract revenue and cost may require management judgment. No profit is recognized unless the outcome can be measured reliably, usually at 10-20 percent progress. These contracts are reported in the “projects” operating segment.

**Field Design:** The engineering contracts and the maintenance and modification contracts for oil and gas installations are mainly reimbursable, but can have lumpsum elements in the contracts. Some contracts have incentive mechanisms including bonuses, target sum mechanisms, key performance indicators and productivity measures. Revenue is recognized using a cost progress method or revenue is recognized according to delivered time and materials. These contracts are referred to as “field design” in the revenue table below and are included in the “projects” operating segment.

**Services:** The subsea lifecycle services (SLS) and production asset services (PAS) contracts consist mainly of engineering services, subsea aftersales services, subsea installation & commissioning services, maintenance, modification and operations services, outsourced asset management and integrity services. These contracts are mainly reimbursable, but can have lumpsum elements. Revenue is recognized according to delivered time and materials or, where there is a lumpsum or fixed price element, using a cost progress method. These contracts are reported in the “services” operating segment.

The following tables show the revenue from customer contracts by type and per country.

<i>Amounts in NOK million</i>	<b>1H 2018</b>	<b>1H 2017</b>
Projects - Subsea	4,040	4,064
Projects - Field Design	5,094	4,240
Intra-group revenue	(33)	(7)
<b>Sum Projects</b>	<b>9,101</b>	<b>8,297</b>
Services	2,496	2,224
<b>Total revenue from customer contracts</b>	<b>11,596</b>	<b>10,522</b>

<i>Amounts in NOK million</i>	<b>1H 2018</b>	<b>1H 2017</b>
Norway	6,976	6,257
UK	2,097	1,837
Brazil	936	1,014
Malaysia	597	532
USA	486	633
Angola	399	686
Brunei	348	334
Other	623	690
<b>Sum of countries</b>	<b>12,461</b>	<b>11,984</b>
Intra-group revenue	(864)	(1,462)
<b>Total revenue from customer contracts</b>	<b>11,596</b>	<b>10,522</b>

Figures for 1H 2018 are reported according to IFRS 15 and figures for 1H 2017 according to IAS 11/18. Revenue figures per country include internal and external revenues and are based on location of the selling company.

### Effect of Transitioning to IFRS 15

The company has applied a modified implementation method, with the cumulative impact recognized in retained earnings as of January 1, 2018. Comparative figures for 2017 are not restated. The transition effects are described and the impact on equity is presented in note 32 in the 2017 Annual Report. The main changes are described below.

- Subsea contracts previously using a technical progress method changed to a cost progress method under IFRS 15. The progress on some contracts was reduced, whereas others had acceleration. The net impact resulted in a decrease of equity of NOK 102 million before tax and an increase of order backlog of NOK 247 million as at January 1, 2018. Revenue in the first-half of 2018 under IFRS 15 is higher than under previous IAS 11/18 principles as several larger projects nearing completion has had a higher periodic progress under the current cost progress method than under the previous technical progress method.
- Tender costs previously capitalized when award was probable are fully expensed under IFRS 15. The effect of removing capitalized tender cost in the balance sheet upon transition as at January 1, 2018 was a reduction of equity of NOK 48 million before tax.
- Waste cost will not be included when determining cost progress. No waste cost was identified upon transition.
- There is a higher threshold for including revenue from variable consideration and modifications. There was no transitioning effect as the company was already using a high threshold
- Revenue and cost accruals are presented separately under IFRS 15, not netted and presented as work in progress (WIP) as under IAS 11/18.

Net of tax, the total effect from implementing IFRS 15 was a reduction of equity of NOK 95 million as of January 1, 2018.

The tables below show the impact of IFRS 15 for the first-half 2018 and the reporting if IAS 11/18 still would have been applied.

<i>Amounts in NOK million</i>	Reported 1H 2018 IFRS 15	Impact of IFRS 15	Adjusted 1H 2018 IAS 11/18	Reported 1H 2017 IAS 11/18
<b>IFRS 15 Impact on Income Statement</b>				
Revenue	11,737	(168)	11,569	10,598
Operating expenses	(10,872)	113	(10,759)	(9,938)
<b>Operating income before depreciation, amortization and impairment</b>	<b>864</b>	<b>(55)</b>	<b>809</b>	<b>660</b>
Depreciation, amortization and impairment	(384)	0	(384)	(411)
<b>Operating income</b>	<b>480</b>	<b>(55)</b>	<b>425</b>	<b>249</b>
Net financial items	(149)	0	(149)	(107)
<b>Income before tax</b>	<b>331</b>	<b>(55)</b>	<b>276</b>	<b>143</b>
Income tax	(110)	13	(97)	(47)
<b>Net income for the period</b>	<b>222</b>	<b>(42)</b>	<b>179</b>	<b>95</b>
Order backlog	36,981	(89)	36,892	30,695
<b>IFRS 15 Impact on Balance Sheet</b>				
Property, plant and equipment	2,977	0	2,977	3,564
Intangible assets	5,646	0	5,646	5,876
Deferred tax asset	644	0	644	649
Other Investments	97	0	97	62
Other non-current assets	87	0	87	104
<b>Total non-current assets</b>	<b>9,451</b>	<b>0</b>	<b>9,451</b>	<b>10,255</b>

<i>Amounts in NOK million</i>	Reported 1H 2018 IFRS 15	Impact of IFRS 15	Adjusted 1H 2018 IAS 11/18	Reported 1H 2017 IAS 11/18
Current tax assets	134	0	134	228
Current operating assets	8,115	(1,199)	6,916	7,310
Derivative financial instruments	209	0	209	142
Interest-bearing receivables	103	0	103	298
Cash and cash equivalents	2,440	0	2,440	1,211
<b>Total current assets</b>	<b>11,001</b>	<b>(1,199)</b>	<b>9,802</b>	<b>9,188</b>
<b>Total assets</b>	<b>20,452</b>	<b>(1,199)</b>	<b>19,252</b>	<b>19,443</b>
Total equity attributable to the parent	6,828	26	6,855	6,651
Non-controlling interests	28	26	54	110
<b>Total equity</b>	<b>6,856</b>	<b>53</b>	<b>6,909</b>	<b>6,761</b>
Non-current borrowings	2,703	0	2,703	1,729
Pension obligations	538	0	538	530
Deferred tax assets	227	0	227	280
Other non-current liabilities	83	0	83	70
<b>Total non-current liabilities</b>	<b>3,551</b>	<b>0</b>	<b>3,551</b>	<b>2,609</b>
Current tax liabilities	37	42	79	59
Current borrowings	118	0	118	1,484
Current operating liabilities	9,628	(1,294)	8,333	7,933
Derivative financial instruments	262	0	262	598
<b>Total current liabilities</b>	<b>10,045</b>	<b>(1,252)</b>	<b>8,793</b>	<b>10,073</b>
<b>Total liabilities and equity</b>	<b>20,452</b>	<b>(1,199)</b>	<b>19,252</b>	<b>19,443</b>

## Note 5 Operating Segments

Aker Solutions' operations are managed through value-chain based delivery centers. Early customer engagement and project execution are reported in the "Projects" segment whereas life-of-field offerings are reported in "Services".

### Projects

The Projects segment provides subsea equipment and systems, engineering and procurement in addition to frame agreements for brownfield maintenance, modifications and hook-up. The objective of the segment is to deliver world-class project execution by building excellence in project management, engineering, fabrication and offshore construction.

### Services

The Services segment provides subsea lifecycle services (SLS) and production asset services (PAS). The objective of the segment is to grow a focused service business and position Aker Solutions as a key partner of choice for customers.

### Other

The "other" segment includes unallocated corporate costs, certain onerous lease cost and the effect of hedges not qualifying for hedge accounting.

### Accounting Principles

The accounting principles of the operating segments are generally the same as described in the annual report. IFRS 9 and 15 have been adopted in the segment reporting as of January 1, 2018. As noted in the annual report, the operating segments apply hedge accounting independently of whether the hedge qualifies for hedge accounting or not in accordance with IFRS. When contract revenues and contract costs are denominated in a foreign currency, the subsidiary hedges the exposure against corporate treasury. A correction of the non-qualifying hedges is made to secure that the consolidated financial statements are in accordance with IFRS. This means that the group's segment report reflects both internal and external hedges before they are corrected at the corporate level and reported in the "other" segment.



## Segment performance

Amounts in NOK million	1H 2018	1H 2017	2017
<b>Income Statement</b>			
<b>External revenue</b>			
Projects	9,096	8,293	17,643
Services	2,495	2,222	4,555
<b>Total operating segments</b>	<b>11,591</b>	<b>10,515</b>	<b>22,197</b>
Other	146	83	263
<b>Total</b>	<b>11,737</b>	<b>10,598</b>	<b>22,461</b>
<b>Inter-segment revenue</b>			
Projects	5	5	18
Services	1	3	5
<b>Total operating segments</b>	<b>6</b>	<b>7</b>	<b>23</b>
Other and eliminations	(6)	(7)	(23)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total operating revenue</b>			
Projects	9,101	8,297	17,660
Services	2,496	2,224	4,560
<b>Total operating segments</b>	<b>11,596</b>	<b>10,522</b>	<b>22,220</b>
Other and eliminations	140	76	240
<b>Total</b>	<b>11,737</b>	<b>10,598</b>	<b>22,461</b>
<b>Operating income before depreciation, amortization and impairment</b>			
Projects	636	483	1,217
Services	307	296	605
<b>Total operating segments</b>	<b>944</b>	<b>779</b>	<b>1,822</b>
Other	(79)	(118)	(303)
<b>Total</b>	<b>864</b>	<b>660</b>	<b>1,519</b>

Amounts in NOK million	1H 2018	1H 2017	2017
<b>Operating income</b>			
Projects	374	208	608
Services	225	212	429
<b>Total operating segments</b>	<b>599</b>	<b>420</b>	<b>1,037</b>
Other	(119)	(171)	(466)
<b>Total</b>	<b>480</b>	<b>249</b>	<b>571</b>
<b>Balance Sheet</b>			
<b>Net current operating assets (NCOA)</b>			
Projects	(1,540)	(239)	(712)
Services	646	603	511
<b>Total operating segments</b>	<b>(894)</b>	<b>364</b>	<b>(201)</b>
Other	(521)	(818)	(643)
<b>Total</b>	<b>(1,415)</b>	<b>(454)</b>	<b>(844)</b>
<b>Net capital employed</b>			
Projects	2,826	4,729	3,873
Services	1,775	1,550	1,792
<b>Total operating segments</b>	<b>4,601</b>	<b>6,278</b>	<b>5,665</b>
Other	2,556	2,624	2,535
<b>Total</b>	<b>7,156</b>	<b>8,903</b>	<b>8,199</b>

The NCOA consists of current operating assets, current tax assets, current operating liabilities and current tax liabilities. Net capital employed consists mainly of NCOA, pension liabilities, deferred taxes, fixed assets, intangible assets and an allocated share of goodwill.

## Note 6 Finance Income and Expenses

<i>Amounts in NOK million</i>	1H 2018	1H 2017	2017
<b>Interest income</b>	<b>15</b>	<b>32</b>	<b>55</b>
Interest expense on financial liabilities measured at amortized cost	(127)	(160)	(273)
Interest expense on financial liabilities measured at fair value	(16)	(11)	(33)
<b>Interest expenses</b>	<b>(142)</b>	<b>(172)</b>	<b>(305)</b>
Net foreign exchange gain (loss)	(8)	9	27
Gain (loss) on foreign currency forward contracts	(16)	17	41
Other financial income	11	12	25
Other financial expenses	(8)	(5)	(15)
<b>Net other financial items</b>	<b>(21)</b>	<b>34</b>	<b>78</b>
<b>Net financial items</b>	<b>(149)</b>	<b>(107)</b>	<b>(172)</b>

## Note 7 Current Operating Assets and Liabilities

<i>Amounts in NOK million</i>	June 30, 2018	June 30, 2017	December 31, 2017
<b>Current operating assets</b>			
Inventories	308	473	428
Trade receivables	2,838	2,968	2,876
Customer contract assets	3,410	0	0
Amounts due from customers for construction work	0	931	883
Accrued operating revenue from service contracts	0	1,268	1,298
Prepaid expenses	777	882	1,302
Other receivables	782	787	483
<b>Total</b>	<b>8,115</b>	<b>7,310</b>	<b>7,271</b>
<b>Current operating liabilities</b>			
Trade payables	2,166	1,156	1,865
Customer contract liabilities	3,549	0	0
Amounts due to customers for construction work, including advances	0	1,484	1,206
Accrued operating and financial cost	1,690	2,447	2,237
Provisions	962	1,021	942
Other liabilities	1,261	1,826	1,997
<b>Total</b>	<b>9,628</b>	<b>7,933</b>	<b>8,246</b>

The presentation of customer contract assets and liabilities has changed as a result of implementing IFRS 15 on January 1, 2018. The standard requires separate presentation for revenue and cost accruals, and not netted as amounts due to/from customer as under IAS 11/18. Further, the warranty provision for ongoing projects has been reclassified from amounts due to/from customers to provisions, see note 8.

## Note 8 Provisions

<i>Amounts in NOK million</i>	<b>Warranties</b>	<b>Restructuring</b>	<b>Onerous contracts</b>	<b>Other</b>	<b>Total</b>
Balance as of January 1, 2018	532	75	210	125	942
Reclassification of warranty provision for ongoing projects (IFRS 15)	155	0	0	0	155
Change in the period	(21)	(47)	(37)	(14)	(118)
Currency translation	(10)	(2)	(4)	(1)	(17)
<b>Balance as of June 30, 2018</b>	<b>657</b>	<b>26</b>	<b>169</b>	<b>110</b>	<b>962</b>

The provision for warranties relates to expected re-work and improvements for products and services delivered to customers in the normal course of business. The warranty period is normally two years. The provision is based on the historical average warranty expenses for each type of contract and an assessment of the value of delivered products and services currently in the warranty period. The warranty provision for ongoing projects previously reported as part of amounts due to/from customer has been reclassified to provisions as a result of implementing IFRS 15 per January 1, 2018.

The restructuring provision relates to expected remaining employee termination costs for permanent and temporary employees that have or will be laid-off. No new restructuring provisions were made in the first half of the year. The provision is sensitive to changes in the assumptions used related to number of employees, salary levels, notice period, severance pay and idle time assumed during notice period.

The onerous lease provision mainly relates to separable parts of leased buildings which have been or will be vacated by Aker Solutions in the near future. No new onerous lease provisions were made in the first half of the year. The provision is sensitive to changes in the assumptions used related to sublease periods and sublease income.

Other provisions relate to other liabilities with uncertain timing or amount.

## Note 9 Intangible Assets

<i>Amounts in NOK million</i>	<b>Goodwill</b>	<b>Development</b>	<b>Other intangible assets</b>	<b>Total</b>
Balance as of January 1, 2018	4,281	1,375	158	5,814
Capitalized development	0	71	0	71
Amortization	0	(116)	(17)	(133)
Impairment	0	(15)	0	(15)
Currency translation differences	(66)	(6)	(19)	(91)
<b>Balance as of June 30, 2018</b>	<b>4,215</b>	<b>1,309</b>	<b>122</b>	<b>5,646</b>

Intangible assets are reviewed each quarter for impairment indicators, including market changes, technological development, order backlog and other changes that might potentially reduce the value of the assets. For goodwill and ongoing development projects, impairment tests are performed annually or when impairment indicators are identified. The goodwill is tested using the value-in-use approach determined by discounting expected future cashflows. Impairment loss is recognized when the value-in-use is lower than book value.

## Note 10 Property, Plant and Equipment

<i>Amounts in NOK million</i>	<b>Buildings and sites</b>	<b>Machinery and equipment</b>	<b>Under construction</b>	<b>Total</b>
Balance as of January 1, 2018	1,415	1,735	166	3,316
Additions	4	17	109	130
Transfer from assets under construction	(47)	20	27	(0)
Depreciation	(28)	(209)	0	(237)
Disposals	(31)	(6)	0	(38)
Currency translation differences	(131)	(50)	(14)	(195)
<b>Balance as of June 30, 2018</b>	<b>1,182</b>	<b>1,506</b>	<b>288</b>	<b>2,977</b>

## Note 11 Borrowings

<i>Amounts in NOK million</i>	<b>Maturity</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>December 31, 2017</b>
Bond - ISIN NO 0010814213	July 2022	<b>1,494</b>	0	0
Bond - ISIN NO 0010661051	October 2019	<b>1,009</b>	1,007	1,008
Brazilian Development Bank EXIM and capex loans	Within one year	<b>134</b>	151	517
Brazilian Development Bank EXIM and capex loans	After one year	<b>251</b>	748	341
Revolving Credit Facility	March 2023	<b>0</b>	1,301	1,239
Other loans and amortization effects		<b>(67)</b>	6	10
<b>Total borrowings</b>		<b>2,822</b>	<b>3,213</b>	<b>3,114</b>
Current borrowings		<b>118</b>	1,484	539
Non-current borrowings		<b>2,703</b>	1,729	2,576
<b>Total borrowings</b>		<b>2,822</b>	<b>3,213</b>	<b>3,114</b>

Aker Solutions completed in January 2018 a NOK 1,500 million unsecured bond issue with maturity in July 2022. The bond has a coupon of 3 month Nibor plus 3.15 percent per annum and is listed on the Oslo stock exchange. Aker Solutions also signed a new revolving credit facility agreement in March 2018 with a syndicate of twelve banks. The new credit facility has the same covenants as the previous one, and it expires in March 2023. The credit facility of NOK 5,000 million expiring in July 2019 was terminated. Per June 30, 2018, no revolving credit facility was drawn (NOK 1,239 million per December 31, 2017).



## Note 12 Share Capital and Equity

Aker Solutions ASA was founded May 23, 2014 with a nominal share capital of NOK 293,807,940. The total outstanding shares are 272,044,389 shares at par value NOK 1.08 per share at June 30, 2018. All issued shares are fully paid.

Aker Solutions ASA holds 511,801 treasury shares at June 30, 2018. Treasury shares are not included in the weighted average number of ordinary shares. Earnings per share have been calculated based on an average of 271,532,588 shares outstanding June 30, 2018.

The General Meeting on April 18, 2018 decided that no dividend payment is made for 2017 as it was deemed prudent to exercise caution amid continued uncertainty about the market outlook.

## Note 13 Financial Instruments

### Implementation of IFRS 9 Financial Instruments

IFRS 9 Financial Instruments was adopted on January 1, 2018. The standard supersedes IAS 39 *Financial Instruments: Recognition and Measurement* and addresses classification and measurements of financial instruments, impairment of financial assets and hedge accounting. The company has implemented the standard with the cumulative impact recognized in retained earnings as of January 1, 2018 and no restatement of comparative figures. The transition effects are described and the impact on equity is presented in note 32 to the 2017 Annual Report. The main changes are described below.

- The group's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and all hedge relationships at December 31, 2017 are therefore continued. For cashflow hedges associated with forecasted transactions that subsequently result in recognition of contract asset or liability, the gains and losses previously recognized in OCI of NOK 232 million excluding tax are included in the carrying amount of the contract asset or liability.
- Equity investments of NOK 91 million previously classified as available-for-sale were reclassified to fair value through other comprehensive income (FVOCI) as at January 1, 2018. Equity securities in unlisted companies previously measured at cost were re-valued at fair value, resulting in an increase of value of NOK 4 million upon transition.
- The company applies the expected credit loss (ECL) method for its trade receivables and contracts assets, which resulted in an increase of loss allowance of NOK 1 million upon transition.

Net of tax, the effect from implementing IFRS 9 was an increase of equity of NOK 181 million as of January 1, 2018.

### Fair Value of Financial Instruments

The financial instruments measured at fair value per June 30, 2018 include the following:

- Derivative financial instruments consist mainly of forward foreign exchange contracts. The fair values are derived from observable market rates for foreign currency forward contracts. The group also has certain interest rate swaps where fair values are derived from observable market interest rates.
- Current and non-current borrowings include two bonds issued in the Norwegian bond market in addition to other borrowings. Bonds and borrowings are measured at amortized cost, and interest rate variations will not affect the valuation as they are held to maturity. The fair value of bonds and borrowings was NOK 2,532 million per June 30, 2018, compared to carrying amount of NOK 2,503 million. The fair value per December 31, 2017 was NOK 1,040 million compared to carrying amount of NOK 1,008 million.

The fair values of other investments are described in note 15.

## Note 14 Related Parties

Related parties relationships are defined to be entities outside the Aker Solutions group that are under control (either directly or indirectly), joint control or significant influence by the owners of Aker Solutions. Related parties are in a position to enter into transactions with the company that would potentially not be undertaken between unrelated parties. Aker Solutions has adopted related party transaction procedures to ensure that all transactions and other relations with such entities shall be premised on commercial terms and structured in line with the arm's length principle. The procedures are described in the Corporate Governance Report for 2017 available on [www.akersolutions.com](http://www.akersolutions.com).

The largest shareholder of Aker Solutions is Aker Kværner Holding AS which is controlled by Aker ASA (70 percent). Aker ASA is controlled by The Resource Group TRG AS, a company controlled by Kjell Inge Røkke. The Resource Group TRG AS is the ultimate parent company of Aker Solutions ASA. In this respect, all entities owned by Aker ASA and entities which Kjell Inge Røkke and his close family controls through The Resource Group TRG AS are considered related parties to Aker Solutions. These entities include companies like Akastor ASA, Aker BP ASA and Kværner ASA and are referred to as Aker entities in this note.

To the right is a summary of transactions and balances between Aker Solutions group and its related parties.

### Related Party Transactions Included in Income Statement

<i>Amounts in NOK million</i>	1H 2018	1H 2017	2017
Operating revenues	1,339	668	1,902
Operating expenses	(49)	(57)	(286)

### Related Party Transactions Included in Balance Sheet

<i>Amounts in NOK million</i>	June 30, 2018	June 30, 2017	December 31, 2017
Trade receivables	345	228	305
Non-current interest-bearing receivables	29	17	18
Trade payables	(55)	(43)	(58)
Current borrowings	(1)	(1)	(1)

Aker Solutions entered into an agreement in February 2018 to purchase digital services from Cognite, a subsidiary of Aker ASA. The services include development of and access to Cognite's advanced industrial data platform to analyze large volumes of data from offshore energy installations.

Aker Solutions has several transactions with related parties on a recurring basis as part of normal business such as commercial customer contracts, sub-supplier contracts and hire of technical and project personnel between Aker Solutions, Aker BP and Kvaerner. Aker Solutions is also leasing property from and to related parties.

## Note 15 Other Investments

<i>Amounts in NOK million</i>	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>December 31, 2017</b>
Equity securities, measured at cost	0	15	15
Equity securities, measured at fair value	97	47	76
<b>Total</b>	<b>97</b>	<b>62</b>	<b>91</b>

Other investments include equity securities where shareholding is below twenty percent. Quoted market prices on stock exchanges are used to value investment in listed companies, with changes recognized in other comprehensive income (OCI) in equity. Investments in shares that do not have quoted market prices are measured at fair value using the framework within IFRS 13 Fair Value Measurement.



# Alternative Performance Measures

Aker Solutions discloses alternative performance measures in addition to those normally required by IFRS as such performance measures are frequently used by securities analysts, investors and other interested parties. Alternative performance measures are meant to provide an enhanced insight into the operations, financing and future prospects of the company. The accounting principles adopted in this report are consistent with those described in the 2017 Annual Report, with the exception of IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* which were effective from January 1, 2018. Comparative figures for 2017 have not been restated, see description in note 4 and 13 in the figures and notes section in this report.

## Profit Measures

EBITDA and EBIT terms are presented as they are used by financial analysts and investors. Special items are excluded from EBITDA and EBIT as alternative measures to provide enhanced insight into the financial development of the business operations and to improve comparability between different periods.

**EBITDA** is short for earnings before interest, taxes, depreciation and amortization. EBITDA corresponds to the “operating income before depreciation, amortization and impairment” in the consolidated income statement in the annual report.

**EBIT** is short for earnings before interest and taxes. EBIT corresponds to “operating income” in the consolidated income statement in the annual report.

**Margins** is short for earnings before interest and taxes. EBIT corresponds to “operating income” in the consolidated income statement in the annual report.

**Special items** may not be indicative of the ongoing operating result of cash flows of the company. Profit measure excluding special items is presented as an alternative measures to improve comparability of the underlying business performance between the periods.



<i>Amounts in NOK million</i>	Projects				Services				Other / eliminations				Aker Solutions group			
	2Q 2018	2Q 2017	1H 2018	1H 2017	2Q 2018	2Q 2017	1H 2018	1H 2017	2Q 2018	2Q 2017	1H 2018	1H 2017	2Q 2018	2Q 2017	1H 2018	1H 2017
Revenue	4,862	4,232	9,101	8,297	1,337	1,156	2,496	2,224	55	37	140	76	6,254	5,425	11,737	10,598
Non-qualifying hedges	0	0	0	0	0	0	0	0	(6)	(7)	1	(12)	(6)	(7)	1	(12)
(Gain)loss sale of PPE	0	0	0	0	0	0	0	0	0	0	(50)	0	0	0	(50)	0
Sum of special items excluded from revenue	0	0	0	0	0	0	0	0	(6)	(7)	(49)	(12)	(6)	(7)	(49)	(12)
<b>Revenue ex. special items</b>	<b>4,862</b>	<b>4,232</b>	<b>9,101</b>	<b>8,297</b>	<b>1,337</b>	<b>1,156</b>	<b>2,496</b>	<b>2,224</b>	<b>49</b>	<b>30</b>	<b>92</b>	<b>65</b>	<b>6,248</b>	<b>5,418</b>	<b>11,688</b>	<b>10,586</b>
EBITDA	325	213	636	483	172	144	307	296	(58)	(52)	(79)	(118)	439	305	864	660
Restructuring cost	3	82	10	82	1	3	1	3	(0)	(3)	(0)	(5)	5	81	12	80
Onerous lease cost	0	(0)	0	(0)	0	0	0	0	0	6	0	6	0	6	0	6
Non-qualifying hedges	0	0	0	0	0	0	0	0	(4)	4	(6)	7	(4)	4	(6)	7
(Gain)loss sale of PPE	0	0	0	0	0	0	0	0	0	0	(50)	0	0	0	(50)	0
Transaction costs and other	0	0	4	0	0	0	0	0	1	3	2	9	1	3	6	9
Sum of special items excluded from EBITDA	3	82	14	82	1	3	1	3	(3)	11	(55)	18	2	95	(39)	102
<b>EBITDA ex. special items</b>	<b>328</b>	<b>295</b>	<b>650</b>	<b>564</b>	<b>173</b>	<b>147</b>	<b>309</b>	<b>299</b>	<b>(60)</b>	<b>(42)</b>	<b>(134)</b>	<b>(101)</b>	<b>441</b>	<b>400</b>	<b>825</b>	<b>763</b>
<i>EBITDA margin</i>	6.7%	5.0%	7.0%	5.8%	12.9%	12.5%	12.3%	13.3%					7.0%	5.6%	7.4%	6.2%
<i>EBITDA margin ex. special items</i>	6.7%	7.0%	7.1%	6.8%	13.0%	12.7%	12.4%	13.4%					7.1%	7.4%	7.1%	7.2%
EBIT	201	79	374	208	131	99	225	212	(78)	(79)	(119)	(171)	254	99	480	249
Sum of special items excluded from EBITDA	3	82	14	82	1	3	1	3	(3)	11	(55)	18	2	95	(39)	102
Impairments	(1)	(0)	15	(0)	(0)	0	(1)	0	1	5	0	4	0	5	15	4
Sum of special items excluded from EBIT	2	82	29	82	1	3	1	3	(2)	15	(54)	22	2	100	(25)	107
<b>EBIT ex. special items</b>	<b>203</b>	<b>161</b>	<b>403</b>	<b>290</b>	<b>132</b>	<b>101</b>	<b>225</b>	<b>215</b>	<b>(79)</b>	<b>(64)</b>	<b>(173)</b>	<b>(149)</b>	<b>256</b>	<b>199</b>	<b>455</b>	<b>356</b>
<i>EBIT margin</i>	4.1%	1.9%	4.1%	2.5%	9.8%	8.5%	9.0%	9.5%					4.1%	1.8%	4.1%	2.4%
<i>EBIT margin ex. special items</i>	4.2%	3.8%	4.4%	3.5%	9.9%	8.8%	9.0%	9.6%					4.1%	3.7%	3.9%	3.4%

Amounts in NOK million	Aker Solutions group			
	2Q 2018	2Q 2017	1H 2018	1H 2017
Net income	117	33	222	95
Sum of special items excluded from EBIT	2	100	(25)	107
Non-qualifying hedges	18	(12)	16	(17)
Tax effects on special items	(5)	(19)	5	(21)
<b>Net income ex. special items</b>	<b>132</b>	<b>102</b>	<b>217</b>	<b>164</b>
Net income to non-controlling interests	(2)	(10)	(4)	(9)
Average number of shares (in 1,000)	271,533	271,533	271,533	271,533
Earnings per share <sup>1</sup>	0,42	0,08	0,80	0,32
<b>Earnings per share ex. special items<sup>2</sup></b>	<b>0.48</b>	<b>0.34</b>	<b>0.78</b>	<b>0.57</b>

1) Earnings per share is calculated using net income, adjusted for non-controlling interests, divided by average number of shares

2) Earnings per share ex. special items is calculated using net income ex. special items, adjusted for non-controlling interests, divided by average number of shares

### Order Intake Measures

Order intake, order backlog and book-to-bill ratios are presented as alternative performance measures, as they are indicators of the company's revenues and operations in the future.

**Order intake** includes new signed contracts in the period in addition to expansion of existing contracts. For construction contracts, the order intake is based on the signed contract value excluding potential options and change orders. For service contracts, the order intake is based on the estimated value of firm periods in the contracts.

**Order backlog** represents the estimated value of remaining work on signed contracts.

**Book-to-bill ratio** is calculated as order intake divided by revenue in the period. A book-to-bill ratio higher than 1 means that the company has secured more contracts in the period than what has been executed in the same period.

Amounts in NOK million	2Q 2018		
	Order intake	Revenue	Book-to-bill
Projects - Subsea	1,123	2,084	<b>0.5</b>
Projects - Field Design	3,867	2,810	<b>1.4</b>
Intra-group	(31)	(32)	
Projects	4,959	4,862	<b>1.0</b>
Services	691	1,337	<b>0.5</b>
Other/eliminations	23	55	
Aker Solutions	5,673	6,254	<b>0.9</b>

## Financing Measures

Alternative financing and equity measures are presented as they are indicators of the company's ability to obtain financing and service its debts.

**Gross Debt and Net interest-bearing debt** are measures that shows the overall debt situation. Net debt is calculated by netting the value of a company's liabilities and debts with its cash and other similar short-term financial assets.

<i>Amounts in NOK million</i>	2H 2018	2H 2017
Current borrowings	118	1,484
Non-current borrowings	2,703	1,729
<b>Gross debt</b>	<b>2,822</b>	<b>3,213</b>
Current interest-bearing receivables	(103)	(298)
Non-current interest-bearing receivables <sup>1</sup>	(31)	(18)
Cash and cash equivalents	(2,440)	(1,211)
<b>Net debt</b>	<b>247</b>	<b>1,686</b>

1) Non-current interest-bearing receivables are included in other non-current assets in consolidated balance sheet.

**Liquidity buffer** is a measure of available cash and is calculated by adding together the cash and cash equivalents and the unused credit facility.

<i>Amounts in NOK million</i>	2H 2018	2H 2017
Cash and cash equivalents	2,440	1,211
Credit facility (unused)	5,000	3,700
<b>Liquidity buffer</b>	<b>7,440</b>	<b>4,911</b>

**Net current operating assets (NCOA)** is a measure of the current capital necessary to maintain operations. Working capital includes trade receivables, trade payables, accruals, provisions and current tax assets and liabilities.

<i>Amounts in NOK million</i>	2H 2018	2H 2017
Inventory	308	473
Trade and other receivables	7,808	6,837
Current tax assets	134	228
Trade and other payables	(8,666)	(6,912)
Provisions	(962)	(1,021)
Current tax liabilities	(37)	(59)
<b>Net current operating assets (NCOA)</b>	<b>(1,415)</b>	<b>(454)</b>

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