

January - March 2005

First financial target achieved

Aker Kvaerner experienced a positive first quarter with an EBITDA of NOK 376 million, reflecting an increase by 20 percent compared to the corresponding quarter last year. The previously stated target of an annualised EBITDA of NOK 1.5 billion in the first half of 2005, was achieved in the first quarter. Few major contracts were announced in the first quarter, but a steady stream of orders resulted in a satisfactory order intake and brought the order backlog to a record-high level of NOK 37.7 billion at the end of the period. Main markets are developing positively, and several important contracts have been booked early in the second quarter.

Profits in the three-month period developed as expected, taking EBITDA for the first quarter to NOK 376 million, which is an increase by 20 percent from NOK 314 million in the first quarter 2004.

Order intake in the first quarter was a comfortable NOK 9.7 billion, bringing the order backlog at the end of March to a record-high NOK 37.7 billion. Aker Kvaerner's main markets developed favourably and early-phase study work and bidding activity was high.

Cash flow from operating activities in the first quarter was negative NOK 886 million, which is in line with expectations. This reflects a NOK 1 228 million increase in net current operating assets from year-end 2004. The liquidity buffer, including undrawn credit facilities of NOK 1.6 billion, was at the end of March a comfortable NOK 4.0 billion. Repayment of debt

over the last 12 months amounts to NOK 900 million, whereof NOK 300 million in the first quarter of 2005.

One of the main focus areas of Aker Kvaerner is to continuously improve operational efficiency. Various change programmes have been implemented throughout the group. Competitiveness has been strengthened resulting in a healthy and well-balanced order backlog. The overall predictability and robustness of the group are steadily improving.

The accounts of Aker Kvaerner are as from 1 January 2005 presented in accordance with International Financial Reporting Standards (IFRS). The most important consequences of the transition from Norwegian GAAP are described on page 4 and in the enclosure "Restatement of Aker Kvaerner's accounts for 2004 on the basis of IFRS".

Consolidated key figures¹

(in NOK million)	1Q04	2Q04	3Q04	4Q04	1Q05	2004
Operating revenues	7 715	8 857	8 921	10 060	8 407	35 553
Operating expenses	-7 401	-8 532	-8 567	-9 691	-8 031	-34 191
EBITDA²	314	325	354	369	376	1 362
Depreciation	-74	-79	-72	-83	-76	-308
EBITA³	240	246	282	286	300	1 054
Amortisation	-11	0	0	0	0	-11
Earnings before interest and tax (EBIT)	229	246	282	286	300	1 043
Net financial items	-70	-109	-92	-125	-95	-396
Profit after financial items	159	137	190	161	205	647
Tax	-23	-19	-75	-12	-67	-129
Net profit	136	118	115	149	138	518
Net profit per share					2.34	9.25
Total assets	19 817	20 493	19 949	20 275	19 422	
Equity	1 752	1 824	1 857	1 752	3 051	
Equity ratio (%)	8.8	8.9	9.3	8.6	15.7	
Combined ratio including subordinated debt (%)	29.2	28.9	29.7	27.5	30.4	
Net interest-bearing liabilities (-)/receivables (+)	488	203	52	1 371	438	
Cash and bank deposits	3 700	3 275	2 899	3 703	2 425	
Total net current operating assets	32	538	730	-1 084	144	
Cash flow from operating activities	98	-202	-1	1 751	-886	1 646
Order intake	7 323	10 301	12 637	11 321	9 676	41 582
Order backlog	31 105	32 442	35 562	35 920	37 716	

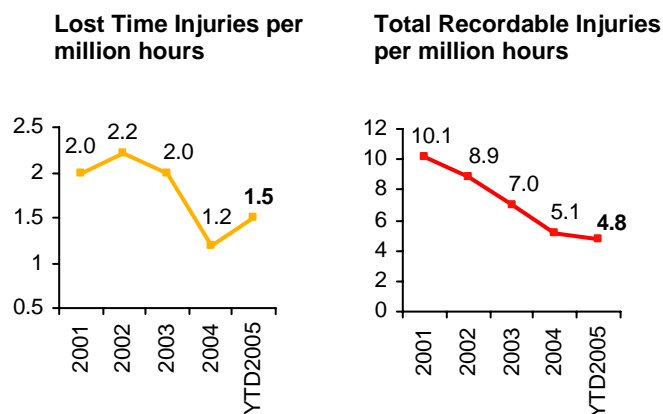
¹ Numbers for 1st quarter 2004 are proforma ² Earnings before interest, tax, depreciation and amortisation ³ Earnings before interest, tax and amortisation

Status operations

Health, Safety and Environment (HSE)

Most regrettably, there was one fatality in January 2005 related to Aker Kvaerner's activities. A worker employed by a subcontractor, was severely injured and later died while working at the Kristin FPS project in Norway. The accident has been investigated in cooperation with subcontractor and customer, and measures are being implemented.

The HSE step change improvement programme continues with "Just Care" as a theme and symbol of our HSE culture. A group-wide HSE operating system, HSE leadership training and focus on leading indicators have been introduced as elements of Aker Kvaerner's systematic efforts to achieve world class HSE performance. The first in a series of ten HSE leadership training programmes for top management were conducted in March.



Field Development (FD)

(in NOK million)	1Q04	2Q04	3Q04	4Q04	1Q05	2004
Op revenues	2 034	2 467	2 414	2 731	2 317	9 646
EBITDA	90	90	80	149	123	409
Order intake	1 343	2 864	5 098	4 650	2 624	13 955
Order backlog	6 779	7 135	9 859	11 565	11 967	11 565
Employees	4 798	4 679	4 640	4 566	4 496	4 566

The activity in FD was at a comfortable level in the first quarter this year, and slightly higher than in the corresponding period last year. First quarter EBITDA was satisfactory, and increased by 37 percent compared to the first quarter of 2004.

No major new orders were booked in the first quarter. The order intake was still at a satisfactory level compared to the same period last year. The order backlog is significantly stronger at the end of March this year than at the same time one year ago,

a result of a number of contracts awarded throughout 2004.

The Kristin platform for Statoil was successfully delivered on time and fully completed from Aker Stord in March. It is currently anchored on the field with first gas due to arrive topside on 1 July and production scheduled to start on 1 October.

The three contracts awarded to Aker Kvaerner in 2002 and 2003 by Hydro for the Ormen Lange onshore facilities, were in January merged into one contract with a total value of approximately NOK 7.8 billion.

In February, Aker Kvaerner made a strategic investment in the Finnish contractor RR Offshore OY, a major owner of the Astrakhan Korabel yard located in Astrakhan in Russia. The investment ensures Aker Kvaerner's competence and yard capacity, as well as local content for projects in the region.

A letter of intent was signed with Statoil in April for increased scope of work on the Snøhvit project in Hammerfest, Norway. The contract, which is a joint venture between FD and MMO, is estimated to be valued NOK 1.0 billion for Aker Kvaerner.

Maintenance, Modifications and Operations (MMO)

(in NOK million)	1Q04	2Q04	3Q04	4Q04	1Q05	2004
Op revenues	1 525	1 594	1 636	1 572	1 383	6 327
EBITDA	50	53	78	48	56	229
Order intake	1 065	1 039	3 131	2 624	1 353	7 859
Order backlog	7 864	7 304	8 758	9 765	9 764	9 765
Employees	5 183	5 171	4 999	4 867	4 926	4 867

MMO reported slightly lower operating revenues in the first quarter of 2005 compared to the same period last year. EBITDA remains stable in the first quarter and was in line with the first quarter of 2004.

The order intake was higher in the first quarter this year compared to the corresponding period last year. The order backlog was at a comfortable level at the end of March, and increased by 24 per cent compared to the first quarter of 2004.

A letter of intent for a maintenance and modifications' framework contract was signed with BP Norway in January. This non-exclusive contract, which will run for two years, includes all BP-operated platforms on the Norwegian

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Continental Shelf, and has an option for three additional two-year extensions. Estimated value for the contract is in the NOK 150-200 million range each year.

A NOK 265 million contract for reconstruction of the Troll C platform was awarded by Hydro in February. The reconstruction will be carried out in order to produce oil from the satellite field Fram East.

In mid-April, an important letter of intent was signed with Statoil for extensive modification work on the Statfjord B and C platforms worth some NOK 1.9 billion.

Subsea, Products & Technologies (SPT)

(in NOK million)	1Q04	2Q04	3Q04	4Q04	1Q05	2004
Op revenues	1 614	1 779	1 900	2 337	1 887	7 630
EBITDA	92	101	167	130	110	490
Order intake	1 908	2 458	1 645	2 321	2 157	8 332
Order backlog	5 213	5 790	5 543	5 462	5 791	5 462
Employees	3 441	3 348	3 381	3 411	3 049	3 411

The activity level in SPT was in the first quarter of 2005 slightly above the same quarter last year. EBITDA for the first quarter was on a satisfactory level and reflected an increase by 20 percent compared to the corresponding period in 2004.

The order intake remained stable due to a number of small and mid-size contract awards in the first quarter, and the level is in line with the same period last year. The order backlog at the end of March is satisfactory, and higher than at the same time one year ago.

A NOK 360 million contract awarded by Hydro for subsea systems to the Fram East project in the North Sea was booked in the first quarter. It will be a subsea installation with five oil producers and two wells for water injection tied up to the Troll C platform.

An important extension of a frame agreement with Statoil was secured in the quarter. The agreement, which is worth some NOK 480 million for Aker Kvaerner, comprises wireline, well tractor and plugging services at the Tampen, Haltenbanken and the Barents Sea areas at the Norwegian continental shelf.

Aker Kvaerner invested in a new facility in Malaysia in order to expand the group's subsea manufacturing, service and support capabilities in South East Asia. Aker Kvaerner will thereby be able

to fully serve the subsea systems, surface wellhead and completions, as well as the subsea control markets in this region.

In March, Unocal Thailand awarded Aker Kvaerner a contract with a duration of two years for surface wellhead equipment and associated services for its Gulf of Thailand operations. The contract includes an option for a two-year extension and is estimated to be in excess of USD 35 million if the two-year extension is exercised.

In April, a letter of intent worth NOK 500 million for delivery of a complete system with subsea trees, production control system, umbilicals, structures, and manifolds was received.

Process (PRO)*

(in NOK million)	1Q04	2Q04	3Q04	4Q04	1Q05	2004
Op revenues	1 607	2 053	2 155	2 308	1 785	8 123
EBITDA	50	52	3	5	38	110
Order intake	2 403	2 581	1 961	1 520	2 083	8 465
Order backlog	8 194	8 691	7 896	6 667	7 316	6 667
Employees	4 944	5 266	6 231	4 896	4 367	4 896

* The Process reporting segment consists of Process Onshore, Union and Non-union Construction, Pharmaceuticals, Metals, AK Engineering Services and Chemetics.

The activity level in PRO in the first quarter was higher than in the same quarter last year. EBITDA was down by 24 per cent in the quarter compared to first quarter of 2004. AK Engineering Services still delivers negative results, but shows sign of improvement as the comprehensive programmes in order to reduce costs and focus the operations are starting to take impact.

The Process Onshore business benefits from growth in China and large capex projects in Europe and the Middle East. Chemetics continues their positive performance in 2005. New-build activity for power plants has continued in North America.

The order intake in the first quarter of 2005 was on an acceptable level, slightly down from the first quarter last year. The order situation in PRO is characterised by a steady flow of small and mid-size contracts. Bidding activity overall is high.

In January, RioChilex awarded Aker Kvaerner a contract for the engineering, procurement and construction management for development of the Spence copper project in Chile. The contract is valued at approximately USD 50 million.

AK Engineering Services secured in January a GBP 30 million service contract for two major onshore facilities for BP in the UK.

Pulping & Power (P&P)

(in NOK million)	1Q04	2Q04	3Q04	4Q04	1Q05	2004
Op revenues	1 148	1 192	1 064	1 411	1 038	4 815
EBITDA	73	69	58	64	64	264
Order intake	874	1 485	932	907	1 426	4 198
Order backlog	3 897	4 166	4 064	3 442	3 837	3 442
Employees	1 965	1 975	1 997	2 005	1 876	2 005

P&P reported revenues in the first quarter of 2005 in line with first quarter 2004. EBITDA is slightly down in the first quarter compared to the same period last year. The service business is growing both within Pulping and Power.

The first quarter order intake was stronger than in the same quarter last year. The backlog position remained at a comfortable level, and especially Power enjoys a favourable backlog situation as several contracts for power boilers were secured in the first quarter.

In January, power boiler orders for a total of EUR 75 million were secured from clients in Canada, USA and Sweden. These contracts included two new boilers, three boiler conversions and two rebuilds to evaporation plants.

In February, UPM ordered power boilers for a total of approximately EUR 60 million to their paper mills in the United Kingdom and France.

At the beginning of February, service orders amounting to USD 10 million were awarded Aker Kvaerner, confirming Pulping's position as the leading supplier of rebuilds and modernisations to the chemical pulp industry.

Unallocated items and corporate costs

Unallocated corporate costs in the first quarter amounted to NOK 15 million. The newly acquired Ellayess business contributed positively in line with expectations. The corresponding number in the first quarter last year of NOK 41 million was impacted by the corporate restructuring and refinancing that took place in the first part of 2004.

Group financials

First quarter consolidated revenues amounted to NOK 8 407 million this year compared with NOK 7 715 million for the same period last year.

EBITDA in the first quarter of 2005 was NOK 376 million compared to NOK 314 million in the first quarter of 2004. This was an increase by 20 per cent.

Net financial items for the first quarter of 2005 were negative NOK 95 million.

Profit after financial items for the first quarter 2005 was NOK 205 million, significantly better compared with the first quarter 2004 profit of NOK 159 million. The tax expense for the first quarter of NOK 67 million represents 33 percent of profit before tax. Net profit per share for the first quarter was NOK 2.34.

The cash position at the end of the first quarter was NOK 2.4 billion after repayment of debt of NOK 300 million in the quarter. At the end of March, undrawn committed long-term bank revolving credit facilities amounted to NOK 1.2 billion in the oil and gas business, and short-term revolving credit facilities amounted to NOK 400 million in the engineering and construction business. In April the revolving credit facility to the engineering and construction business was increased to NOK 800 million and maturity extended to three years.

Long-term interest-bearing debt amounted to NOK 2.1 billion at the end of March 2005. In addition, the subordinated loan, which is interest free until fourth quarter 2006, is booked in the balance sheet at a nominal value of NOK 2.9 billion.

The equity ratio on 31 March 2005 was 15.7 percent and was impacted by accounting effects from currency fluctuations. The subordinated debt and equity yielded a combined ratio of 30.4 percent at the end of March.

Implementing IFRS

Aker Kvaerner presents accounts in accordance with International Financial Reporting Standards (IFRS) from the first quarter of 2005. The differences between IFRS and Norwegian Generally Accepted Accounting Principles (NGAAP) identified to date as having a significant effect on the consolidated financial statements, are summarised below. As the process of transition to

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IFRS is ongoing, the summary is not necessarily final.

Effect of transition to IFRS

Amounts in NOK million

		Equity 31.12.2004	Pro forma Net profit 2004
NGAAP as reported 31.12.2004		1 935	240
Pensions	A	-678	-39
Deferred tax on pension adjustment		188	10
Goodwill	B	307	307
IFRS 31.12.2004		1 752	518

Changes implemented from 2005 onwards

Amounts in NOK million

Subordinated loan	C	1 100	
Fair value on financial instruments	D	-12	
IFRS 1.1.2005		2 840	

A Pensions – defined benefit plans

NOK 224 million of unrecognised losses as per 31 December 2004 is included in the pension liability. In addition the discount rate is reduced from 6.5% used for the NGAAP computations to 5.5% under IFRS increasing the pension liability by another NOK 454 million.

B Goodwill

Amortisation of goodwill is no longer required under IFRS but the carrying amount of goodwill must be tested for impairment at least annually. Of the NOK 318 million of goodwill amortisation in the 2004

NGAAP accounts, NOK 11 million related to write down of intangibles. The remaining NOK 307 million of amortisation for 2004 has been reversed under IFRS.

C Subordinated loan

At the time of the refinancing of the Kvaerner group in 2001/2002, some of the borrowings were converted into a loan with changed terms. Under NGAAP it was concluded to continue to carry the loan at nominal value in the books.

According to IAS 39 it is assumed that the value of the loan should have been reduced to fair value at the time of the transaction, and that the subsequent increase back up to nominal value should be recorded as interest expense over the loan period to 2011.

This adjustment leads to a reduction in the book value of the loan by NOK 1 100 million at the end of 2004. As IAS 39 is implemented from 2005 onwards there is no change to the 2004 result. If the change had been implemented earlier, the interest expense for 2004 would have increased by NOK 84 million. The valuations are based on a funding cost level of 8 percent p.a.

D Financial instruments

Financial instruments carried at market value over profit and loss, has been subject to a change in valuation method under IFRS. This leads to a loss as per 1 January 2005 of NOK 12 million.

Outlook for 2005

In the oil and gas sector, the bidding activity is high, and prospects are good both in the North Sea and internationally.

In engineering and construction, the outlook is overall positive, and good opportunities in all main markets are expected.

The previously stated target of an annualised EBITDA of approximately NOK 1.5 billion in the first half of 2005 was achieved in the first quarter. Aker Kvaerner continues on steady course towards its 2006 financial targets: An EBITDA of NOK 1.75 billion based on stable revenues.

Oslo, 25 April 2005
The Board of Directors

AKER KVAERNER GROUP IN FIGURES

PROFIT AND LOSS ACCOUNT

Group summary: Amounts in NOK millions	Q1	Q1	1.1 - 31.12
	2005	2004	2004
Operating revenues	8 407	7 715	35 553
Operating expenses	-8 031	-7 401	-34 191
EBITDA	376	314	1 362
Depreciation	- 76	-74	-308
Amortisation	-	-11	-11
Operating profit	300	229	1 043
Financial items	- 95	-70	-396
Profit/loss before tax	205	159	647
Taxation	- 67	-23	-129
Net profit/loss	138	136	518
Minority interests	9	-2	9
Majority share	129	138	509
Earnings per share (NOK)	2.34	2.51	9.25

BALANCE SHEET

Amounts in NOK millions	31.3	31.3	31.12
	2005	2004	2004
Deferred tax asset	505	416	549
Goodwill, patents etc	4 532	4 425	4 507
Tangible fixed assets	1 403	1 395	1 403
Other long-term operating assets	66	82	87
Long-term investments	145	113	95
Interest-bearing long-term receivables	147	29	103
Current operating assets	10 199	9 657	9 828
Cash and bank deposits	2 425	3 700	3 703
Total assets	19 422	19 817	20 275
Equity	2 994	1 693	1 704
Minority interests	57	59	48
Deferred tax	128	7	131
Subordinated debt	2 860	4 044	3 826
Other long-term liabilities	1 138	1 094	1 152
Interest-bearing long-term debt	2 134	3 116	2 435
Taxes payable	56	50	66
Other current operating liabilities	10 055	9 625	10 912
Interest-bearing current liabilities	-	129	1
Total liabilities and equity	19 422	19 817	20 275

CASHFLOW

Amounts in NOK millions	31.3	31.3	1.1-31.12
	2005	2004	2004
Net cashflow from operating activities	-886	98	1 646
Net cashflow from investing activities	-136	-3	-662
Net cashflow from financing activities	-338	-21	-606
Translation adjustments	82	68	-233
Net decrease (-) / increase (+) in cash and bank deposits	-1 278	142	145
Cash and bank deposits as at 1 January	3 703	3 558	3 558
Cash and bank deposits as at end of period	2 425	3 700	3 703

EQUITY RECONCILIATION

Amounts in NOK millions	31.3 2005	31.3 2004	1.1 - 31.12 2004
Equity as at 31.12	1 704	1 971	1 971
IFRS transition 1.1	1 088	-461	-461
Equity at the beginning of the period	2 792	1 510	1 510
Net profit/loss	129	138	509
Translation differences	73	45	-315
Equity at the end of the period	2 994	1 693	1 704

Segments:

TURNOVER BY SEGMENT

Amounts in NOK millions	31.3 2005	31.3 2004	1.1 - 31.12 2004
Field Development	2 317	2 034	9 646
MMO	1 383	1 525	6 327
Subsea, Products & Technologies	1 887	1 614	7 630
Process	1 785	1 607	8 123
Pulping & Power	1 038	1 148	4 815
Other	-3	-213	-988
Total Group	8 407	7 715	35 553

EBITDA BY SEGMENT

Amounts in NOK millions	31.3 2005	31.3 2004	1.1 - 31.12 2004
Field Development	123	90	409
MMO	56	50	229
Subsea, Products & Technologies	110	92	490
Process	38	50	110
Pulping & Power	64	73	264
Other	-15	-41	-140
Total Group	376	314	1 362

EBIT BY SEGMENT

Amounts in NOK millions	31.3 2005	31.3 2004	1.1 - 31.12 2004
Field Development	109	75	346
MMO	52	48	222
Subsea, Products & Technologies	82	54	369
Process	33	45	86
Pulping & Power	53	61	219
Other	-29	-54	-199
Total Group	300	229	1 043

NET CURRENT OPERATING ASSETS BY SEGMENT

Amounts in NOK millions	31.3 2005	31.3 2004	1.1 - 31.12 2004
Field Development	-529	-114	-697
MMO	129	286	-86
Subsea, Products & Technologies	807	785	653
Process	174	-334	-125
Pulping & Power	-388	-723	-623
Other	-49	132	-206
Total Group	144	32	-1 084

NET OPERATING ASSETS BY SEGMENT

Amounts in NOK millions	31.3 2005	31.3 2004	1.1 - 31.12 2004
Field Development	674	1 168	524
MMO	1 222	1 405	1 007
Subsea, Products & Technologies	1 907	1 868	1 745
Process	1 081	578	767
Pulping & Power	-39	-410	-307
Other	162	231	25
Total Group	5 007	4 840	3 761

The quarterly report is prepared in accordance with International Financial Reporting Standards and accounting policies as described in the document "Aker Kvaerner - Transition to IFRS".

Disclaimer for forward-Looking Statements

This quarterly Report includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. Such forward-looking information and statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for Aker Kværner ASA and its subsidiaries and affiliates (the "Aker Kvaerner Group") lines of business. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for the Aker Kvaerner Group's businesses, oil prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time. Although Aker Kværner ASA believes that its expectations and the information in this Report were based upon reasonable assumptions at the time when they were made, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in this Report. Neither Aker Kværner ASA nor any other company within the Aker Kværner Group is making any representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the information in the Report, and neither Aker Kværner ASA, any other company within the Aker Kværner Group nor any of their directors, officers or employees will have any liability to you or any other persons resulting from your use of the information in the Report.

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