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AKER KVÆRNER™



Export products with high technology content

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Capital Markets Day
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E&C Europe - Who we are and what we do



Process

Chemicals and polymers plants



Pulping

Complete fiberlines and equipment to
chemical pulp mills



Power

Chemical recovery and power generation
systems to the pulp and paper industry,
and power generation systems for utilities
and process industries



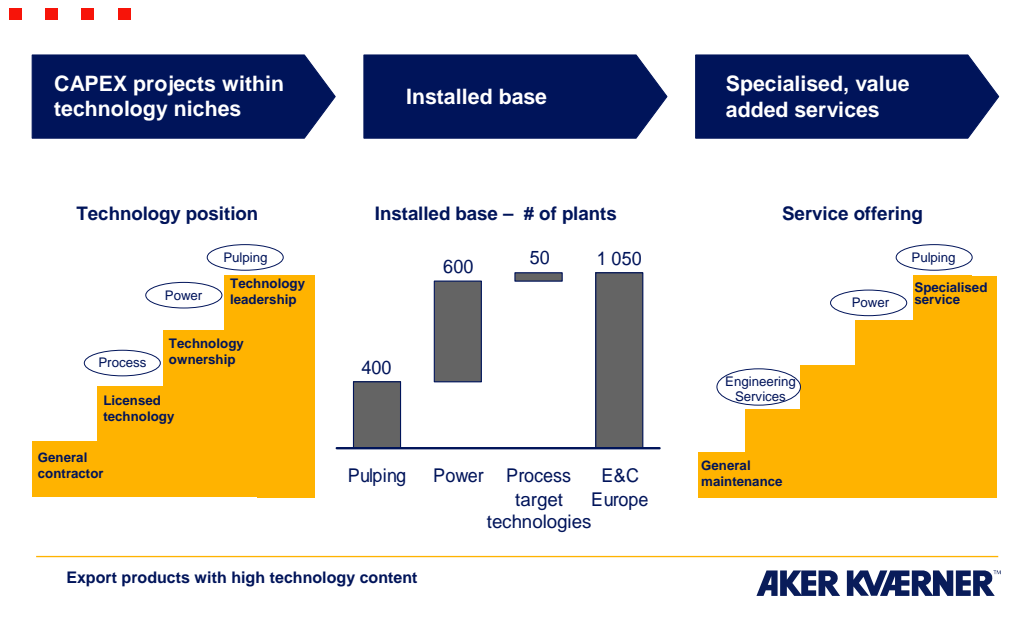
AK Engineering Services

Life cycle provider extending the life and
improving the efficiency of operational
plants in the process industries

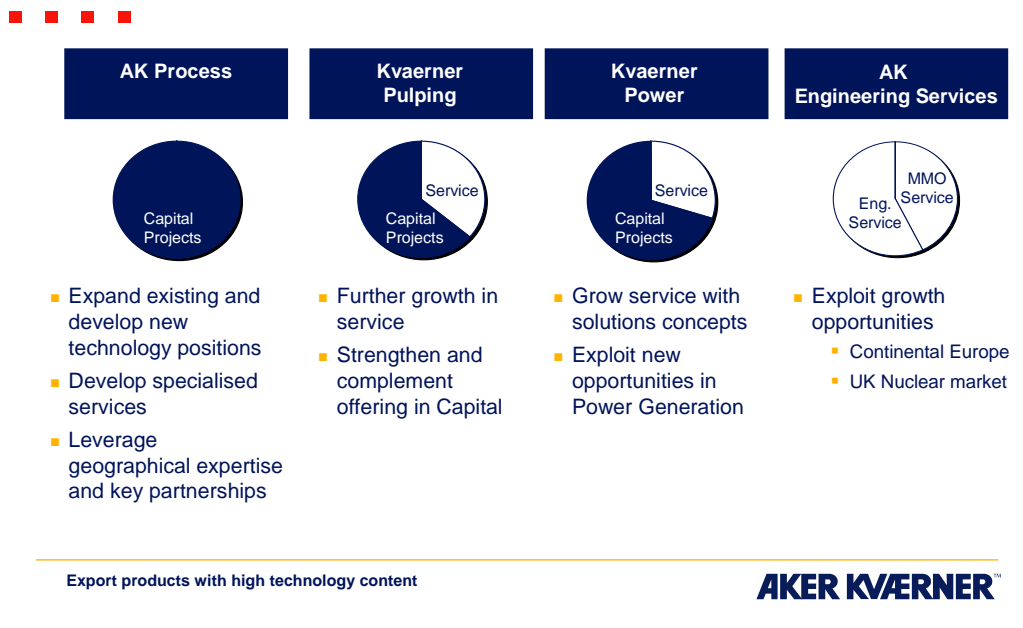
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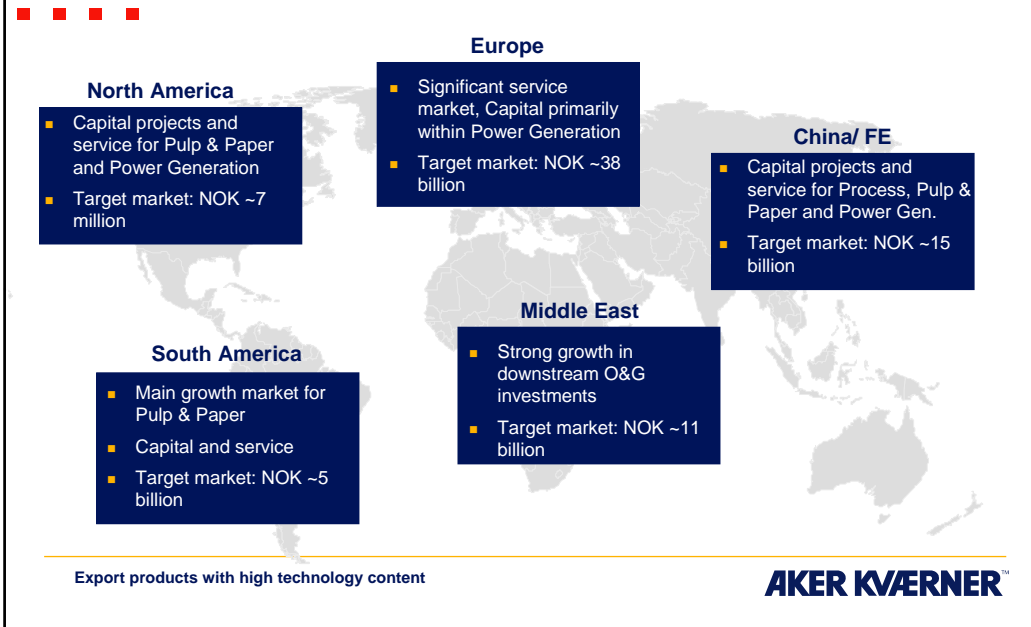
Value creation through our technology positions and service



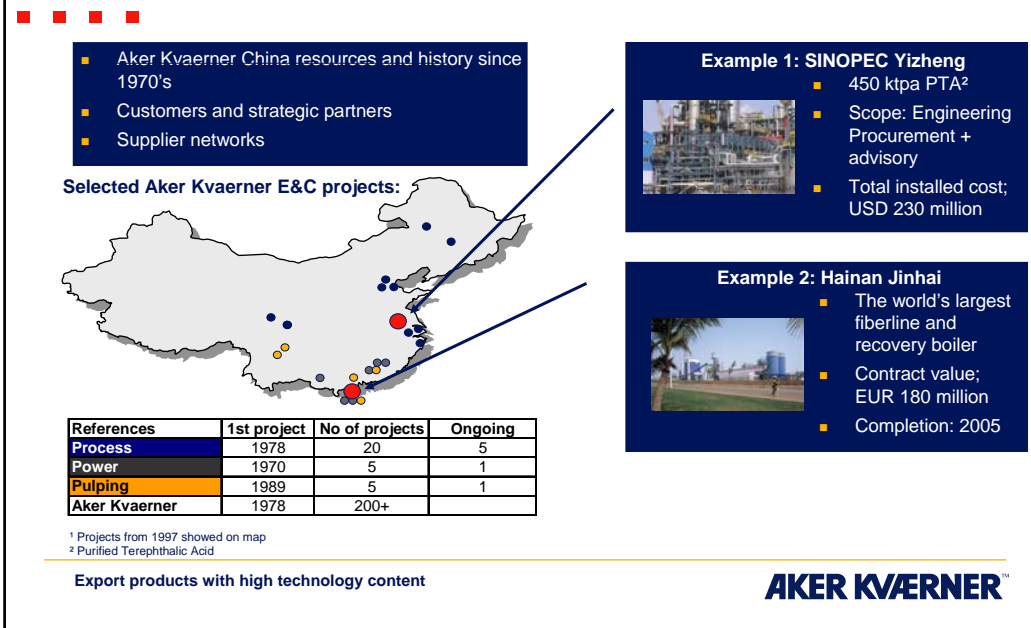
Current positions and strategic priorities going forward



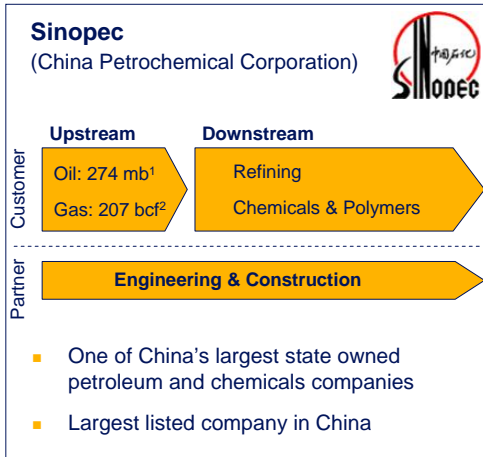
Targeting a global market of NOK 75-80 billion



Strong position in China



Sinopec – an important business partner



¹ Million barrels (per year). Source: Sinopec 2004 annual report.
² Billion cubic feet (per year). Source: Sinopec 2004 annual report.

Opportunities in China

- Sinopec is a major customer and partner
- AK provides technology and competence

Charter of cooperation

International opportunities

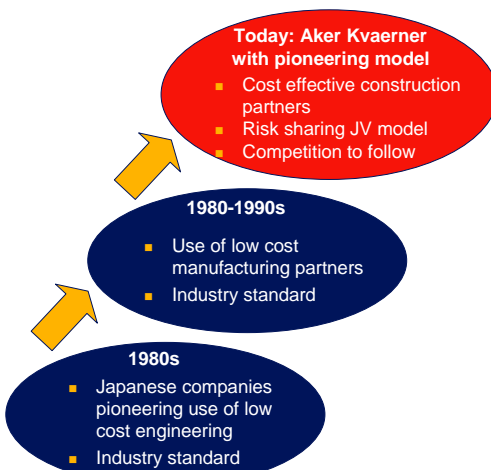
- AK provides technology and competence
- Sinopec with
 - International growth ambitions
 - Skilled, cost effective resource base
 - Cost effective equipment/material supply

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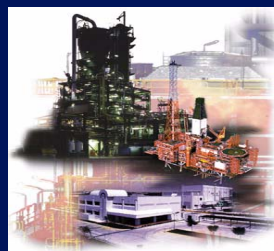
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Sinopec partnership takes us one step ahead of competition

Industry development



Yanbu project; Partnership with SINOPEC



- World scale Poly Ethylene, Poly Propylene and product handling plant for Yansab
- Project value for Aker Kvaerner: USD 400 million
- Aker Kvaerner overall lead in Joint Venture
- SINOPEC: Detailed engineering, non-critical equipment, bulks and construction

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Process with focused technology driven strategy

Targeting project opportunities in technology niches...



...where Process has strong relations with technology licensors...



...and where Process can benefit from expected future growth



Source: Aker Kvaerner Process estimates

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Targeting growth opportunities in Middle East and China

Process growth strategy

- Develop own organisations and networks in growth markets
- Transfer mature technology; develop new at home

China

- 20+% annual growth in production value of chemicals 2004-2010
 - 20+ projects planned within AK Process target niches (2006-2010)
 - Major industry restructuring ongoing; consolidation
- Estimated growth in target market: ~10% p.a.

Middle East

- 20+% annual growth in production value of chemicals 2004-2010
 - 20+ projects planned within AK Process target niches (2006-2010)
- Estimated growth in target market: ~10% p.a.

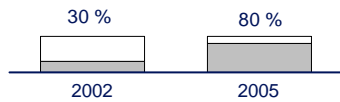
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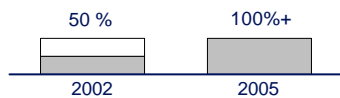
Significant value development in Process 2002-2005



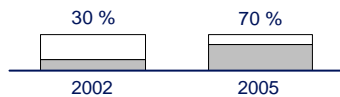
Share of backlog from core technologies



"As sold vs. as delivered margin"



Share of low cost engineering



- Hit rate from 30% to 80%
- Margins from negative to above average in group
- From strained customer relationships to preferred/exclusive relations
- Positioned to take advantage of strong capex market
- Leading the way with innovative win-win EPC strategies

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Summary



- E&C Europe developed from liability to significant contributor to value development in Aker Kvaerner
- Ahead of our targets from 2002; the businesses are ready for strategic development
- Businesses have a strong momentum and are positioned for growth in key emerging markets like China, Middle East and South America
 - Technology driven capital projects
 - Specialised services

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