

Preliminary annual and fourth quarter results 2004

A year with solid progress

Aker Kvaerner experienced solid progress in 2004. In the fourth quarter, EBITDA continued to grow, confirming Aker Kvaerner's steady course towards its stated targets. EBITDA for the group in 2004 was NOK 1,401 million, 40 percent higher than in 2003. Main markets developed positively, and several large orders were secured by the group, resulting in a record-high order backlog.

Profits increased in the three-month period, taking EBITDA for the full year to NOK 1,401 million, a substantial increase from NOK 1,003 million in 2003.

Order intake for the fourth quarter was NOK 11.3 billion, and the order backlog at the end of December was a record high NOK 35.9 billion. Aker Kvaerner's main markets have developed favourably in 2004. Early phase study work has picked up and bidding activity is high.

Cashflow from operating activities was in 2004 NOK 1,646 million, reflecting a NOK 892 million decrease in net current operating assets. Cash and bank deposits at the end of December were a comfortable NOK 3.7 billion after a NOK 560 million repayment of debt in the last two quarters. The cash position at year-end is positively impacted by advances from customers, and will be partly off-set by corresponding outflows in the next quarters.

This positive development is the result of a general market improvement in addition to a strong focus on improving operational efficiency, and the impact of various change programmes which have been implemented throughout the Aker Kvaerner group. Competitiveness has been strengthened resulting in a healthy and well-balanced order backlog. The overall predictability and robustness of the group are improving.

Aker Kvaerner was listed on the Oslo Stock Exchange on 2 April 2004. The share price increased by 24 percent between the listing date and year-end 2004, creating value for shareholders of NOK 1.7 billion during the period. The share price has further increased from NOK 161 to NOK 196 between year-end and 14 February 2005. Market capitalisation per 14 February 2005 is NOK 10.8 billion.

Consolidated key figures¹

(in NOK million)	4Q03	1Q04	2Q04	3Q04	4Q04	2003	2004
Operating revenues	9,066	7,715	8,857	8,921	10,060	31,327	35,553
EBITDA	343	324	335	364	378	1,003²	1,401
Depreciation	-91	-74	-79	-72	-83	-333	-308
Earnings before interest, tax and amort. (EBITA)	252	250	256	292	295	670	1,093
Amortisation	-86	-89	-78	-75	-76	-315	-318
Earnings before interest and exceptionals	166	161	178	217	219	355	775
Exceptional items	-365	0	0	0	0	-452	0
Earnings before interest and tax (EBIT)	-199	161	178	217	219	-97	775
Profit after financial items	-173	91	69	125	94	-338	379
Net profit	-159	66	48	47	79	-348	240
Net profit per share						-6.41	4.20
Total assets	18,773	19,559	20,155	19,533	19,780		
Equity	2,031	2,143	2,145	2,110	1,935		
Equity ratio (%)	10.8	11.0	10.6	10.8	9.8		
Combined ratio including subordinated debt (%)	31.9	31.6	31.0	31.6	29.1		
Net interest-bearing liabilities (-)/receivables (+)	454	488	203	52	1,371		
Cash-flow from operating activities	535	98	-202	-1	1,751	791	1,646
Cash and bank deposits	3,558	3,700	3,275	2,899	3,703		
Total net current operating assets	-192	32	538	730	-1,084		
Order intake	9,633	7,323	10,301	12,637	11,321	36,902	41,582
Order backlog	31,491	31,105	32,442	35,562	35,920		

¹ Numbers for 2003 and 1st quarter 2004 are proforma

² EBITDA included NOK 68 million of special gains related to property sales

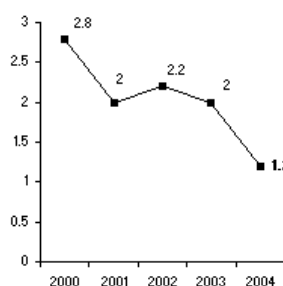
Status operations

Health, Safety and Environment (HSE)

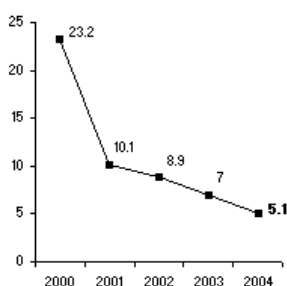
Most regrettably, and in spite of the strong focus on HSE, there was one fatality in 2004 and one in January 2005 related to Aker Kvaerner's activities. In December 2004, in connection with the work on the Sakhalin project in Russia, one of the project's minivans drivers was hit by an oncoming car and died from his injuries. In January 2005, a worker employed by a subcontractor, was severely injured and later died while working at the Kristin FPS project in Norway. Both accidents are under investigation, also by internal groups in cooperation with the customers.

The HSE Step Change improvement programme continues. The "Just Care" theme has been introduced to emphasise the personal element of HSE, while a group-wide HSE operating system, HSE training and focus on leading indicators are elements of Aker Kvaerner's systematic efforts to achieve a world class HSE performance.

Lost Time Injuries per million hours worked



Total Recordable Injuries per million hours worked



Field Development (FD)

(in NOK million)	4Q03	4Q04	FY2003	FY2004
Op revenues	2,195	2,731	8,244	9,646
EBITDA	96	152	158	424
Order intake	2,564	4,650	8,516	13,955
Order backlog	7,701	11,565	7,701	11,565
Employees	5,200	4,566	5,200	4,566

In the fourth quarter, FD had a high activity level compared to previous quarters. The EBITDA was significantly stronger in 2004 than in 2003. The fourth quarter EBITDA was 58 percent higher compared to the fourth quarter of 2003, and the full-

year 2004 EBITDA was 2.7 times higher than it was in 2003.

The strong fourth quarter profit is partly a result of good performance on key projects, and the turn-around of the US based oil and gas business.

The order intake was high in the fourth quarter, resulting in a record high order backlog at the end of the year, increased by 50 percent compared to 2003.

In December, Sempra Energy awarded Aker Kvaerner and Ishikawajima-Harima (IHI) a USD 500 million contract for the engineering, procurement and construction of the Cameron LNG regasification terminal in the US state of Louisiana. The award recognises Aker Kvaerner's track record within the oil, gas and LNG regasification industry, and the partnership with IHI for excellence in delivering LNG tanks and terminals. The project will involve Aker Kvaerner's engineering and construction businesses in the US.

A considerable part of the order intake in the fourth quarter was growth in scope and volume on existing contracts.

Maintenance, Modifications and Operations (MMO)

(in NOK million)	4Q03	4Q04	FY2003	FY2004
Op revenues	1,761	1,572	6,311	6,327
EBITDA	50	54	241	248
Order intake	1,729	2,624	6,510	7,859
Order backlog	8,283	9,765	8,283	9,765
Employees	5,224	4,867	5,224	4,867

MMO reported stable operating revenues in the fourth quarter compared to previous quarters. EBITDA for the fourth quarter decreased compared to the strong third quarter, but was in line with previous quarters. The full-year EBITDA for 2004 was in line with 2003. A special gain of NOK 30 million from property sales was included in 2003.

The order intake has been strong in 2004, resulting in an increase in order backlog of 18 percent compared with 2003. The market is positive and tendering activity is high.

In October, MMO was awarded a NOK 3.0 billion contract from Total for engineering, preparation, removal and disposal of the Frigg field installations. The contract is a joint venture between MMO, Field Development and Subsea and Products &

Technologies. This contract award recognises Aker Kvaerner's competence, technology and facilities for decommissioning of offshore installations.

In December, MMO signed a letter of intent with Hydro for modification and upgrading of the Oseberg East platform in the North Sea. The contract value is estimated to more than NOK 300 million, and several Aker Kvaerner companies will be involved in the project.

Subsea, Products & Technologies (SPT)

(in NOK million)	4Q03	4Q04	FY2003	FY2004
Op revenues	1,941	2,337	6,741	7,630
EBITDA	101	131	399	495
Order intake	1,507	2,321	7,436	8,332
Order backlog	4,897	5,462	4,897	5,462
Employees	3,468	3,411	3,468	3,411

In the fourth quarter of 2004, SPT had a high activity level compared to previous quarters. SPT's operational and financial performance has been good. Operating revenues were 13 percent higher for the full year 2004 than in 2003.

EBITDA for the fourth quarter was 30 percent higher than in the corresponding period in 2003, and 24 percent higher for the full year 2004 compared to 2003. EBITDA in 2003 included a special gain of NOK 37 million related to property sale.

The order intake remained satisfactory in the fourth quarter due to a number of small and mid-size contract awards. The order backlog remains strong and increased by 12 percent compared to 2003.

Process (PRO)

(in NOK million)	4Q03	4Q04	FY2003	FY2004
Op revenues	2,134	2,308	7,163	8,123
EBITDA	47	5	129	110
Order intake	2,160	1,520	9,190	8,465
Order backlog	7,310	6,667	7,310	6,667
Employees	5,528	4,896	5,528	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 continued to grow in the fourth quarter, and the profit level developed positively in most business streams except for AK Engineering Services.

The Process Onshore business benefits from growth in China and large capex projects in Europe and the Middle East. Chemetics had significantly higher

activity in 2004 than in 2003. In the United States, the new-building activity for power plants has continued.

The weak performance by AK Engineering Services continued in the fourth quarter, and is disappointing. The previous management was replaced in third quarter, and the new management is now initiating a number of comprehensive programs in order to reduce costs and focus the operations. Results are expected to gradually take effect during the first half of 2005.

The order backlog in 2004 decreased by 9 percent compared to 2003 mostly related to a revaluation of contracts within AK Engineering Services and an amendment of one frame agreement in the third quarter. This amendment resulted in a reduction of the order backlog by NOK 600 million. Except for this, the order intake remained satisfactory with a steady flow of contract awards throughout the year.

Pulping & Power (P&P)

(in NOK million)	4Q03	4Q04	FY2003	FY2004
Op revenues	1,251	1,411	3,682	4,815
EBITDA	91	64	209	264
Order intake	1,950	907	6,230	4,198
Order backlog	4,178	3,442	4,178	3,442
Employees	1,938	2,005	1,938	2,005

In the fourth quarter, P&P reported 33 percent higher revenues and 10 percent higher EBITDA than in the third quarter. The fourth quarter's performance and activity are at comfortable levels. The contribution from the service market for Power and Pulping continues to grow.

Full year EBITDA is 26 percent higher than in 2003 due to improved performance in the Power segment in 2004 compared to 2003.

The fourth quarter order intake was in line with the third quarter. The backlog position remained at a comfortable level. The bidding activity remains high as the pulping industry is continuing its capacity investment programme.

Unallocated corporate costs

Unallocated corporate costs in the fourth quarter amounted to NOK 28 million. Corporate costs were in line with the previous quarter and reduced from NOK 41 million and NOK 39 million in the first and second quarter respectively. The first two quarters in 2004 were impacted by the corporate restructuring and refinancing that took place earlier in 2004.

Group financials

Consolidated 2004 revenues amounted to NOK 35,553 million, which was a 13 percent increase from NOK 31,327 million in 2003. Fourth quarter consolidated revenues amounted to NOK 10,060 million. This is 13 percent higher than in the previous quarter, reflecting increased activity level in all reporting segments.

Profits in the fourth quarter increased compared with the previous quarter. 2004 earnings are significantly better than in 2003. EBITDA for 2004 was NOK 1,401 million compared with NOK 1,003 million for 2003.

Net financial items for the full year 2004 are negative NOK 396 million, and in the fourth quarter negative NOK 125 million. Finance costs in fourth quarter were impacted by some NOK 27 million in currency losses. These losses are mainly due to the sharp fall in the USD and exposures not being fully hedged.

Profit after financial items for 2004 was NOK 379 million, compared with a loss of NOK 338 million in 2003. The tax expense for the full year of NOK 139 million represents 20 percent of profit before tax adjusted for goodwill amortisation. Net profit per share for 2004 was NOK 4.20.

The cash position of NOK 3.7 billion at year-end is positively impacted by advances from customers in the fourth quarter. At year-end, undrawn committed long-term bank revolving facilities amounted to NOK 960 million in the oil and gas business, and short-term revolving facilities of NOK 410 million in the engineering and construction business, giving ample additional liquidity buffer.

Aker Kværner ASA and Kværner ASA have agreed on a post-restructuring pro and contra settlement which concludes all outstanding issues after the demerger in spring 2004. As part of the settlement, the parties have transferred Kvaerner Metals, Pittsburgh, valued at NOK 50 million, to Aker Kvaerner in the fourth quarter 2004. Also, as announced on 28 December 2004, Aker Kvaerner has acquired the company Ellayess from Kvaerner. The Ellayess business has been valued at NOK 284 million. The transactions have been finalised in 2004 except for a final cash settlement of NOK 32 million to be settled early 2005.

Long-term interest-bearing debt amounted to NOK 2.4 billion at the end of December 2004. 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 3.8 billion.

The equity ratio on 31 December 2004 was 9.8 percent and was impacted by accounting effects from currency fluctuations. The subordinated debt and equity yielded a combined ratio of 29.1 percent at the end of December.

Implementing IFRS

Aker Kvaerner will present 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 IFRS is ongoing, the summary is not necessarily final.

Reconciliation of equity and profit or loss;

Amounts in NOK million

Effect of transition to IFRS		Equity 31.12.2004	Pro forma Net profit 01.01.04-31.12.04
NGAAP		1 887	240
Pensions	A	-200	-
Deferred tax asset		60	-
Goodwill	B	318	318
Subordinated loan	C	600	-100
Deferred tax		-170	28
IFRS		2 495	486

A Pensions – defined benefit plans

Accounting for defined benefit plans is similar under IFRS and NGAAP, although there are certain individual differences with respect to discount rates and recognition of benefit changes. The main issue relates to the transition. For defined benefit plans it is permitted to charge all unrecognised losses and gains against equity in the opening balance sheet. Aker Kvaerner will select this option, and the impact is an approximately NOK 200 million increase in pension liabilities.

B Goodwill

IFRS requirements with respect to amortisation of goodwill were changed in 2004. Goodwill is no longer to be amortised, but is subject to annual testing for impairment. On transition to IFRS, goodwill is restated to the value at the beginning of 2004 (reversal of 2004 amortisation) and has been successfully tested for impairment. The result is an increase in the goodwill value of NOK 318 million.

C Subordinated loan

As of 1 January 2004, Aker Kvaerner will reduce the book value of the subordinated loan by approximately NOK 600 million. The NOK 600 million will be charged to profit and loss as interest expense over the period to redemption in 2011.

During the refinancing of the Kvaerner Group at the turn of 2001/2002, some of the borrowings were converted to a loan with significantly changed terms. At the time, it was decided to carry the loan on the books at unchanged value. However, it has now been determined that the IFRS treatment required by IAS 39 would have been to derecognise the old loans and recognise the new loan at fair value.

D Financial instruments

IFRS has extensive regulations relating to financial instruments in IAS 32 and 39. This framework has been under continual revision, and there are many differences between NGAAP and IFRS. The main consequence for Aker Kvaerner is that IFRS sets stricter requirements for disclosures and recognition of derivative financial instruments. No material net profit or loss or equity effect is expected as all derivatives are used for hedging.

Market outlook 2005

In oil and gas, 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. Future performance in AK Engineering Services still represents an uncertainty.

Aker Kvaerner continues on steady course towards its stated financial targets: An EBITDA in the first half of 2005 of approximately NOK 1.5 billion on an annualised basis, and 2006-EBITDA of NOK 1.75 billion based on stable top-line revenues.

Oslo, 14 February 2005
The Board of Directors

AKER KVAERNER GROUP IN FIGURES

Group summary:

Amounts in NOK millions	PROFIT AND LOSS ACCOUNT						1.1.-31.12	1.1.-31.12
	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q4 2003	2004	2003	
Operating revenues	7 715	8 857	8 921	10 060	9 066	35 553	31 327	
Operating expenses	-7 391	-8 522	-8 557	-9 682	-8 723	-34 152	-30 324	
EBITDA	324	335	364	378	343	1 401	1 003	
Depreciation	-74	-79	-72	-83	-91	-308	-333	
Amortisation	-89	-78	-75	-76	-86	-318	-315	
Operating profit before exceptional items	161	178	217	219	166	775	355	
Exceptional items	-	-	-	-	-365	-	-452	
Operating profit	161	178	217	219	-199	775	-97	
Financial items	-70	-109	-92	-125	26	-396	-241	
Profit/loss before tax	91	69	125	94	-173	379	-338	
Taxation	-25	-21	-78	-15	14	-139	-10	
Net profit/loss	66	48	47	79	-159	240	-348	
Minority interests	-2	3	6	2	-1	9	5	
Majority share	68	45	41	77	-158	231	-353	
Earnings per share (NOK)	1.24	0.82	0.75	1.40	-2.87	4.20	-6.41	

BALANCE SHEET

Amounts in NOK millions	31.3	30.6	30.9	31.12		31.12
	2004	2004	2004	2004		2003
Deferred tax asset	236	254	258	361		241
Goodwill, patents etc	4 347	4 269	4 164	4 200		4 386
Tangible fixed assets	1 395	1 346	1 370	1 403		1 422
Other long-term operating assets	82	68	46	87		106
Long-term investments	113	96	92	95		106
Interest-bearing long-term receivables	29	38	21	103		30
Current operating assets	9 657	10 809	10 683	9 828		8 924
Cash and bank deposits	3 700	3 275	2 899	3 703		3 558
Total assets	19 559	20 155	19 533	19 780		18 773
Equity	2 084	2 084	2 043	1 887		1 971
Minority interests	59	61	67	48		60
Deferred tax	7	4	53	131		7
Subordinated debt	4 044	4 093	4 068	3 826		3 946
Other long-term liabilities	445	474	428	474		454
Interest-bearing long-term debt	3 116	3 089	2 859	2 435		3 133
Taxes payable	50	56	51	66		82
Other current operating liabilities	9 625	10 271	9 953	10 912		9 114
Interest-bearing current liabilities	129	23	11	1		6
Total liabilities and equity	19 559	20 155	19 533	19 780		18 773

CASHFLOW

Amounts in NOK millions	Q1	Q2	Q3	Q4	Q4	1.1.-31.12	1.1.-31.12
	2004	2004	2004	2004	2003	2004	2003
Net cashflow from operating activities	98	-202	-1	1 751	535	1 646	791
Net cashflow from investing activities	-3	-98	-35	-526	36	-662	-81
Net cashflow from financing activities	-21	-48	-204	-333	0	-606	-757
Translation adjustments	68	-77	-136	-88	113	-233	238
Net decrease (-) / increase (+) in cash and bank deposits	142	-425	-376	804	684	145	191
Cash and bank deposits as at start of period	3 558	3 700	3 275	2 899	2 874	3 558	3 367
Cash and bank deposits as at end of period	3 700	3 275	2 899	3 703	3 558	3 703	3 558

EQUITY RECONCILIATION

Amounts in NOK millions	Q1	Q2	Q3	Q4	Q4	1.1.-31.12	1.1.-31.12
	2004	2004	2004	2004	2003	2004	2003
Equity at the beginning of the period	1 971	2 084	2 084	2 043	1 907	1 971	1 893
Net profit/loss	68	45	41	77	-158	231	-353
Translation differences	45	-45	-82	-233	222	-315	431
Equity at the end of the period	2 084	2 084	2 043	1 887	1 971	1 887	1 971

Segments:

TURNOVER BY SEGMENT

Amounts in NOK millions	Q1	Q2	Q3	Q4	Q4	1.1 - 31.12	1.1 - 31.12
	2004	2004	2004	2004	2003	2004	2003
Field Development	2 034	2 467	2 414	2 731	2 195	9 646	8 244
MMO	1 525	1 594	1 636	1 572	1 761	6 327	6 311
Subsea, Products & Technologies	1 614	1 779	1 900	2 337	1 941	7 630	6 741
Pulping & Power	1 148	1 192	1 064	1 411	1 251	4 815	3 682
Process	1 607	2 053	2 155	2 308	2 134	8 123	7 163
Other	-213	-228	-248	-299	-216	-988	-814
Total Group	7 715	8 857	8 921	10 060	9 066	35 553	31 327

EBITDA BY SEGMENT

Amounts in NOK millions	Q1	Q2	Q3	Q4	Q4	1.1 - 31.12	1.1 - 31.12
	2004	2004	2004	2004	2003	2004	2003
Field Development	94	94	84	152	96	424	158
MMO	54	57	83	54	50	248	241
Subsea, Products & Technologies	94	102	168	131	101	495	399
Pulping & Power	73	69	58	64	91	264	209
Process	50	52	3	5	47	110	129
Other	-41	-39	-32	-28	-42	-140	-133
Total Group	324	335	364	378	343	1 401	1 003

EBIT BY SEGMENT

Amounts in NOK millions	Q1	Q2	Q3	Q4	Q4	1.1 - 31.12	1.1 - 31.12
	2004	2004	2004	2004	2003	2004	2003
Field Development	62	60	50	120	54	292	-1
MMO	29	33	59	28	19	149	132
Subsea, Products & Technologies	42	61	133	88	52	324	224
Pulping & Power	54	51	40	46	74	191	140
Process	28	33	-20	-23	21	18	21
Other	-54	-60	-45	-40	-54	-199	-161
Total Group	161	178	217	219	166	775	355

NET CURRENT OPERATING ASSETS BY SEGMENT

Amounts in NOK millions	31.3	30.6	30.9	31.12	31.12
	2004	2004	2004	2004	2003
Field Development	-114	-80	44	-697	-462
MMO	286	346	328	-86	396
Subsea, Products & Technologies	785	856	880	653	679
Pulping & Power	-723	-777	-666	-125	-314
Process	-334	-119	34	-623	-404
Other	132	312	110	-206	-87
Total Group	32	538	730	-1 084	-192

NET OPERATING ASSETS BY SEGMENT

Amounts in NOK millions	31.3	30.6	30.9	31.12	31.12
	2004	2004	2004	2004	2003
Field Development	1 326	1 317	1 409	641	1 012
MMO	1 650	1 684	1 644	1 198	1 783
Subsea, Products & Technologies	2 002	2 002	2 016	1 846	1 964
Pulping & Power	106	-480	-385	-543	-116
Process	42	737	895	916	631
Other	285	487	303	74	-6
Total Group	5 411	5 747	5 882	4 132	5 268

The quarterly report is prepared in accordance with the same accounting principles as the annual accounts and is presented in conformity with the Norwegian Accounting Standard 11, Interim Financial Reporting.