Bringing Together Aker Solutions and Kvaerner

Investor Presentation

July, 2020
Complementary Capabilities Create Stronger Offering

Creating a leading **execution partner** to deliver low-carbon oil and gas and renewables projects

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**Kverner**
A leading provider of engineering, procurement and construction (EPC) services to the energy industry

**AkerSolutions**
A leading global provider of products, front-end, engineering, project management and services to the energy industry
Transaction Summary – A Merger of Equals

- Aker Solutions and Kvaerner to merge to gain size, combine capabilities and strengthen balance sheet to accelerate transition to sustainable energy production
- Exchange ratio will be based on one month volume-weighted average price (VWAP)
- The merger is subject to customary regulatory approvals
Industrial Rationale

Revitalizing growth
- Mid-term robustness in global Oil & Gas
- Reposition with size and capabilities to succeed in current market
- Industry partner for decarbonization and electrification
- Stable aftermarket service business
- Forceful transition into Renewables – with integrated solutions

Realize customer value and operational excellence
- Digitalization to reduce cost and increase competitiveness
- Value chain integration to drive industrialization and value creation
- Customer Alliances and value chain partnerships to remove inefficiencies

Unlock shareholder value by improved cash conversion
- Optimize footprint
- Reduce CAPEX
- Lean organization
- Operational leverage
A Supplier Accelerating the Transition to Sustainable Energy Production

Enable low-carbon oil and gas production, building on alliances with customers and partners

Drive differentiation and efficiency in our industries through technologies and digital solutions

Provide integrated solutions for renewable energy industries
Positioning for Growth at a Pivotal Time for our Industry

Accelerating Transition to Renewables
- Broaden portfolio of capabilities & activities
- Differentiation through Front End, system integration & project execution capabilities

Radical Improve Efficiency in Oil & Gas Deliveries
- Digitally transform engineering, construction and project management
- Value chain management to optimize time, risk and cost

Leveraging Industrial Software & Digital Technology
- Complementary execution capability in a digital ecosystem
- Embed a digital scalable delivery model to extend asset value

Building Strategic Partnerships and Alliances
- Integrated collaboration with customers and business partners
- Extend global reach from existing footprint and partnerships
Decarbonizing Offshore Oil and Gas

- Low-Carbon Solutions
- Electrification
- Energy Optimization
### Integrated Offering

Covering Asset Lifecycle

- **Integrated offering**
- **Partial offering**

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Showcasing Our Capabilities

Field EPMA
Living Quarters
Production Platform 1
Riser Platform
Drilling Platform
Production Platform 2
Jacket structures*
SURF 1
SURF 2
Subsea Production System
Riser Platform Modification

Feasibility Optimize | FEED | Engineering | Procurement | Construction | Transportation | Hook Up | Commissioning
--- | --- | --- | --- | --- | --- | --- | ---
Aker Solutions | Aker Solutions | Aker Solutions | Aker Solutions | Aker Solutions | Aker Solutions | Aker Solutions | Aker Solutions
Kvaerner / KBR | Kvaerner | Kvaerner | Kvaerner | Kvaerner | Kvaerner | Kvaerner | Kvaerner
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* EPC contract for 3 out of 4 jacket substructures (90% of tonnage)
Selected Ongoing Oil & Gas Projects

- **Johan Sverdrup RP**
  - Customer: Equinor
  - Country: Norway

- **Njord Upgrade**
  - Customer: Equinor
  - Country: Norway

- **Hod UWHP**
  - Customer: AkerBP
  - Country: Norway

- **MMO frame agreements**
  - Customers: Several
  - Country: Norway, Canada, Brunei, Angola

- **Breidablikk**
  - Customer: Equinor
  - Country: Norway

- **Lingshui**
  - Customer: CNOOC
  - Country: China
Well Positioned for Several Major O&G Prospects

- **NOAKA EPC**
  - Customer: Equinor / Aker BP
  - Country: Norway

- **Wisting FPSO**
  - Customer: Equinor
  - Country: Norway

- **Jackdaw WHP**
  - Customer: Shell
  - Country: UK

- **Troll West Electrification**
  - Customer: Equinor
  - Country: Norway

- **Exxon Guyana SPS**
  - Customer: Exxon
  - Country: Guyana

- **Jansz SSC**
  - Customer: Chevron
  - Country: Australia
Solid Foundation for Transition to Renewable Energy

Our Core Capabilities…

...are needed in emerging industries
Combining Complimentary Capabilities Within Renewables

**Offshore Wind**
- Offering
  - Integrated delivery of:
    - Wind substructures
    - Converter- and substations
    - Dynamic cables
    - System integration - Balance of Plant
    - Partnership with Aker Offshore Wind
- Key activities
  - Hywind Tampen, Norway
  - Empire Wind, USA

**CCUS**
- Offering
  - Delivery of carbon capture plants
  - Project management
  - Engineering, Procurement and Construction
  - Close collaboration with Aker Carbon Capture
- Key activities
  - Norcem, Norway
  - Twence, Netherlands

**Hydrogen**
- Offering
  - Capabilities to deliver hydrogen production facilities
  - FEED and project execution
- Key activities
  - Nel collaboration
  - ZEEDS

A New Era for an Industry in Transition
Leading Supplier to Offshore Wind
Project: Hywind Tampen (ongoing)

- **World’s largest** floating offshore wind park (88 MW)
- Will supply power to **five oil and gas platforms**
- **200,000** metric tons reduced CO₂ per year
- **EPCI delivery** of 11 concrete floating foundations
Leading Supplier to Carbon Capture
Project: Norcem

- Integrated project delivery with Aker Carbon Capture
- 400,000 tons CO$_2$ captured p.a.
- Planned **operation in 2024**
Digital Solutions to Reshape the Industry

- Reducing project execution time
- Enabling automated operations, saving cost and improving HSSE
- Unlock insight and information transparency
- Drive standardization to improve efficiency and minimize risk
- Reduce cost by enabling predictive maintenance
- Create digital interaction through the value chain
- Enabler for new business and contract models
Leverage core customer relationships to transform together…

…and collaborate with peers and suppliers for sustainable technology solutions and execution footprint
Global Presence in Key Energy Hubs

25 Countries
50+ Locations
15,000 Employees

Proven model for regional execution with local partners
Main Businesses

Front End and Engineering
- Software-enabled engineering house with suite of methods and digital solutions for efficient engineering process
- World class Front End, engineering and system capability with in-depth technical niche competences
- Developing the energy solutions of the future

Renewables
- Offshore and floating wind products and services;
  - Turbine foundations
  - Power infrastructure incl. substations, converter platforms and cables
  - Project management and marine operations
- Engineering, project execution and delivery of Carbon Capture, Storage and Utilization and Hydrogen energy solutions

Topsides and Facilities
- One-stop-shop for oil & gas and onshore processing facilities;
  - Floating production units
  - Topsides and modules
  - Substructures
  - Onshore processing plants
  - Large upgrades and modifications

Subsea
- Extensive product and service offering for subsea oil and gas projects;
  - Subsea production systems
  - Subsea processing, boosting and compression
  - Subsea power distribution
  - Intervention and workover systems and tools
  - Subsea life cycle services

Electrification, Maintenance and Modifications
- Solutions for the electrification of existing oil and gas infrastructure
- Specialized on efficient execution of minor maintenance and modification services
- Digitally enabled asset integrity services and solutions
- Demolition and recycling
Solid Financial Performance and Value Creation

- Ambition to grow revenue base by approximately 10% annually towards 2025
- Stable oil and gas aftermarket business
- NOK 36 billion in backlog per Q2 2020
- Strong position for transition into renewables

- CAPEX expected to decline by 60% from 2019 to 2023
- Leverage on historical capital investments for future growth
- Partnerships for technology development
- Spin-off of capital intensive business units
- Strong CAPEX discipline
Merger to Accelerate Cost Reduction

Expected to deliver **NOK 1.5 billion** in pre-tax cost savings

**Cost-Saving Initiatives**

- Optimized internal capacity to expected activity levels
- Footprint adjustment
- Reduction of overlapping functions
- Improved efficiency through the use of digital tools and solutions
- Collaboration models with sub-suppliers and partners

*Cost-Saving Initiatives NOK Billion*

*Overhead FY19*  
*Cost improvements 2020-21*  
*Target overhead costs FY21*  

~30%

*Unaudited proforma figures*
Improved Financial Capacity and Cash Conversion

Expected to deliver **NOK 1 billion+** in annual free cash flow

**Main Initiatives and Targets**

- Significant deleveraging of balance sheet
- Positive credit profile impact
- Strong cash conversion

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**Pro-Forma Capital Structure**

- **Aker Solutions**
- **Kvaerner**
- **New Aker Solutions**

- **Gross debt**
- **Cash Q2’20**
- **NIBD Q2’20**
- **Target cash generation Q3’20-YE’23**
- **Ambition cash generation 2024-25**

- ~3**
- 0.2*
- 0.4
- 4.8
- 1.7
- 2.5

* Cash position in jointly controlled entities
** excl. dividend (dividend policy to be decided)
Governance Structure

Management

Kjetel Digre  
CEO, Aker Solutions

Idar Eikrem  
CFO, Aker Solutions

New Executive Management Team

EMT to be appointed

Board of Directors*

Leif-Arne Langøy  
Chairman

Øyvind Eriksen  
Director

Kjell Inge Røkke  
Director

Jan Arve Haugan  
Director

Birgit Aagaard-Svendsen  
Director

Lone Fønss Schröder  
Director

Torill Widvey  
Director

*Proposed by nomination committee
## High-Level Timeline and Regulatory Process

| JUL | **Announcement** to the Oslo Stock Exchange about the planned merger and transactions  
**Notice of EGM:** Distribution of shares for Aker Offshore Wind and Aker Carbon Capture |
|-----|-----------------------------------------------------------------------------------|
| AUG | **EGM:** Aker Offshore Wind and Aker Carbon Capture  
**Distribution of shares** and listing of Aker Offshore Wind and Aker Carbon Capture at Merkur Market  
**Notice of EGM:** Merger between Aker Solutions and Kvaerner |
| SEP | **EGM:** Merger between Aker Solutions and Kvaerner |
| OCT | End **creditor notice** period |
| NOV | Deadline for **competition authorities**  
**First day** for merged Aker Solutions |
Bringing Together Aker Solutions and Kvaerner