



Aker ASA

Third-quarter results 2017

Third-quarter 2017 highlights

Financial key figures

(Aker ASA and holding companies)

- The net asset value (“NAV”) of Aker ASA and holding companies (“Aker”) increased by 20.4 per cent in the third quarter to NOK 34.7 billion, compared to NOK 28.8 billion as per 30 June 2017. Per-share NAV amounted to NOK 467 as per 30 September 2017, compared to NOK 388 at the end of the second quarter.
- The Aker share increased 19.3 per cent in the third quarter. This compares to a 12.1 per cent increase in the Oslo Stock Exchange’s benchmark index (“OSEBX”).
- The value of Aker’s Industrial Holdings portfolio rose to NOK 36.0 billion in the third quarter, from NOK 30.2 billion at the end of the second quarter. The increase is primarily explained by a NOK 6.1 billion value increase of the listed holdings, of which Aker BP stood for NOK 4.3 billion. All listed industrial holdings contributed with a positive value development in the quarter. The value of Aker’s Financial Investments portfolio stood at NOK 5.6 billion at the end of the third quarter, compared to NOK 5.8 billion as per 30 June 2017.
- Aker’s liquidity reserve, including undrawn credit facilities, stood at NOK 3.4 billion as per 30 September 2017. Cash and liquid fund investments amounted to NOK 1.6 billion at the end of the third quarter, down from NOK 2.1 billion as per 30 June 2017. The main cash inflow was dividends received, while the main cash outflows were repayment of debt, investments, and loan draw under a credit facility provided to Aker BioMarine.
- The value-adjusted equity ratio was 83 per cent which compares to 80 per cent as of 30 June 2017.

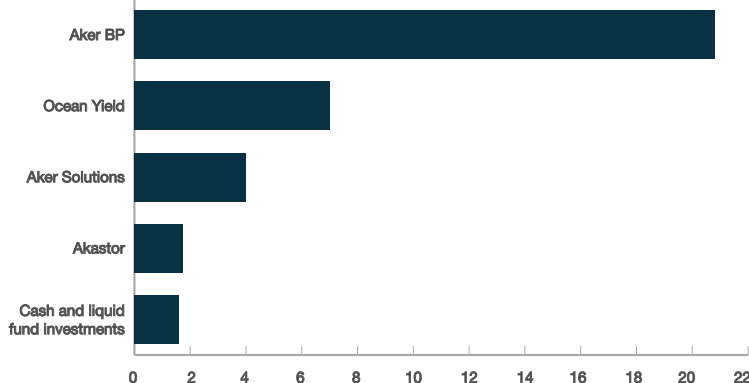
Key events in the quarter

- In August, Aker BioMarine closed the USD 34 million transaction to acquire Neptune Technologies & Bioresources’ (“Neptune”) krill business. As part of the transaction, Neptune will exit bulk krill oil manufacturing and distribution activities and Aker BioMarine becomes the exclusive krill oil supplier to Neptune.
- In September, the partners in the Johan Sverdrup development reported that the investment cost for Phase 1 had been further reduced by NOK 5.0 billion to NOK 92 billion. In total, planned investments for Phase 1 have been reduced by NOK 31 billion since the plan for development and operation (“PDO”) was approved in 2015. The project is currently 60 per cent complete and is ahead of plan. Aker BP holds a 11.5733 per cent interest in the field.

Main contributors to gross asset value

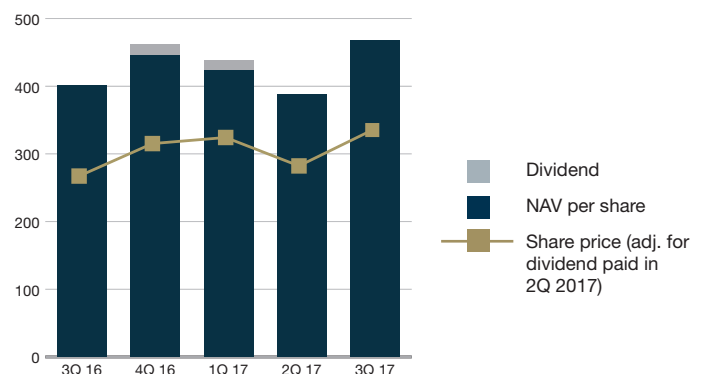
(NOK billion)

Representing 85 per cent of total gross asset value of NOK 41.6 billion



Net asset value and share price

(NOK per share)



The balance sheet and income statement for Aker ASA and holding companies (Aker) have been prepared to show the financial position as a holding company. Net asset value (NAV) is a core performance indicator at Aker ASA. NAV expresses Aker’s underlying value and is a key determinant of the company’s dividend policy (annual dividend payments of 2-4 per cent of NAV). Gross asset value is determined by applying the market value of exchange-listed shares, while book value is used for other assets. The same valuation principles apply to fund investments. Net asset value is gross asset value less liabilities.

Letter from the CEO

Dear fellow shareholders,

Aker continues to generate attractive returns to shareholders. Since the re-listing on Oslo Stock Exchange in 2004, Aker has delivered 27 per cent annually, dividends included. In the third quarter, we added 20 per cent to our NAV and the Aker share increased 19 per cent. That outperforms both the reference index and most Nordic investment company peers, short and longer term.

Countercyclical allocation of capital, increasing dividend from portfolio companies and M&A as a tool for value creation beyond organic growth and operations are some of our investment strategy criteria. All easy to state, but sometimes hard to practice. Strong balance sheet and investment capacity are prerequisites for pursuing such a strategy. Those of you who followed us through the capital market turmoil in 2008/09 may remember how we failed to take advantage of that downturn due to lack of financial strength. During the following years, we transformed Aker and positioned ourselves to take advantage of the next downturn. This time, it came in oil and gas where Aker has core capabilities and network.

Since the oil price collapse in fourth quarter 2014, most oil companies and suppliers have struggled with downsizing and weak value development. Aker is one of few exceptions. Despite the fact that the vast majority of our assets are in oil and gas, Aker's NAV is up 96 per cent, or NOK 17 billion, since 31.12.14, i.e. during one of the deepest down cycles in the oil and gas history. Equally important is the fact that our portfolio of oil and gas investments have been transformed from mainly oil service businesses entirely dependent on investment decisions adopted by customers, to cash generating oil and gas assets controlled and managed by ourselves.



During the following years, we transformed Aker and positioned ourselves to take advantage of the next downturn. This time, it came in oil and gas where Aker has core capabilities and network



Aker BP has been the driving force behind the said transformation. The company was established in 2006 under the name Aker Exploration. When Kjell Inge and I in 2009 started to collaborate in our current roles as Aker Chairman and CEO, respectively, Aker Exploration had a market cap of NOK 450 million, and it was almost a curiosity in our portfolio. Today, the market cap of Aker BP has exceeded NOK 70 billion and our shareholding accounts for approximately 57 per cent of Aker's gross asset value. Excluding equity issue contributions, Aker BP has added over NOK 50 billion in market cap since the end of 2014. That translates into an annual shareholder return in excess of 80 per cent, dividends included.



Despite the fact that the vast majority of our assets are in oil and gas, Aker's NAV is up 96 per cent during one of the deepest down cycles in the oil and gas history



Aker BP is a prime example of how Aker exercises active ownership. First we put the basics in place. Without a well performing operation, outstanding management team, satisfied customers, strong balance sheet and attractive cash generation, it is hard to succeed. Provided that the fundamentals are in place, additional shareholder value may be generated by pursuing accretive transactions. In the case of Aker BP, each transaction has contributed to an attractive production profile with limited near term abandonment liabilities

and increasing cash dividend capacity. Most recently, as demonstrated by the agreement to acquire Hess Norway's 64 per cent participation interest in Valhall, one of the giant fields on the Norwegian Continental Shelf already operated by us. As main shareholder, Aker would like to see more of the same!



Aker BP is a prime example of how Aker exercises active ownership. First we put the basics in place. Provided that the fundamentals are in place, additional shareholder value may be generated by pursuing accretive transactions



The said formula does not only apply to Aker BP. Our second largest holding, Ocean Yield is the result of exactly the same active ownership. Numerous transactions have created a company with 37 vessels on long term charter contracts, an EBITDA backlog of USD 2.9 billion and increasing quarterly cash dividend to shareholders. This year, Aker will receive approximately NOK 600 million in dividend from Ocean Yield only.

Akastor is an equally good example. Since November 2015, Akastor has completed transactions that combined have released NOK 4.8 billion in cash to the company. In October this year, Akastor signed a Memorandum of Understanding with Mitsui to sell 50 per cent of the shares in AKOFS Offshore, thereby establishing a joint venture with a prominent partner. Mitsui will pay a USD 142 million cash consideration for the shares, which in turn will further strengthen Akastor's balance sheet. And we should all keep in mind that the most valuable business, MHWirth, is still a part of the Akastor portfolio.

It's public knowledge that Aker has been exploring strategic options for our oil service businesses beyond the said divestments already announced by Akastor. Rather than rushing a transaction, we will spend the time and effort required to conclude that process in the best interest of all stakeholders. Both Aker Solutions, Akastor and Kværner have unique capabilities and customer relationships. We probably appreciate this even more today as we also observe our oil service business from the Aker BP customer perspective. They all play a crucial role in our efforts to reduce the cost per barrel even more. From a shareholder value perspective that is even more important than an opportunistic short term gain from an exit.

It is truly a privilege to have the financial strength and courage needed to build strong business enterprises throughout industry cycles. An increasing cash dividend from our portfolio companies enables us to do so. This year we will receive more than NOK 1.5 billion in upstream dividend and next year we expect even more. Due to the quality of our portfolio companies we may employ most of the capital received rather than maintaining a cash buffer at the level we did in the past. Hence, more accretive transactions are likely to come. In addition, our own shareholders can look forward to receiving attractive cash dividends in line with our policy of paying 2 – 4 percent of NAV, annually.

I thank you all for the trust and support to Aker and our portfolio companies in recent years. It inspires us to continue the track we have embarked on.



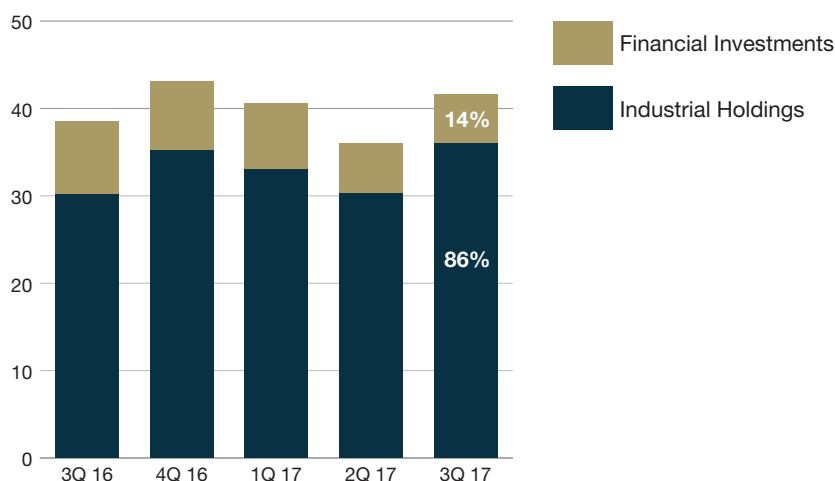
Øyvind Eriksen
President and CEO

Aker ASA and holding companies Assets and net assets value

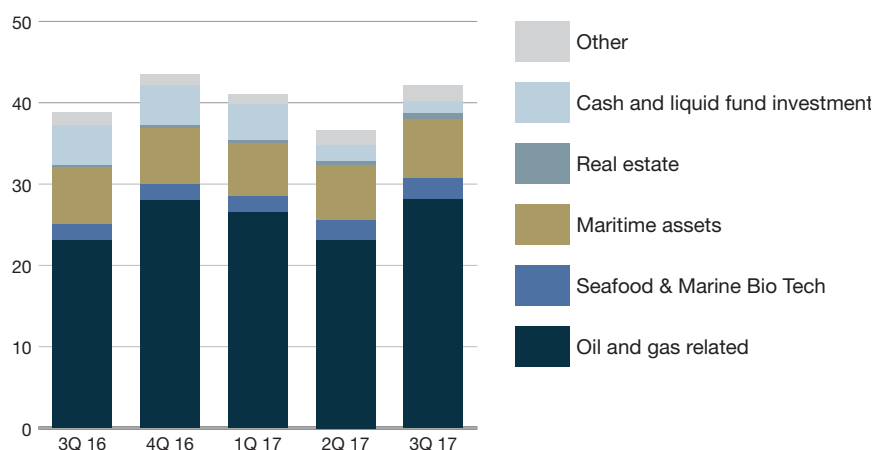
Net asset value (NAV) composition - Aker ASA and holding companies

	As of 30.06.2017		As of 30.09.2017	
	NOK/share	NOK million	NOK/share	NOK million
Industrial Holdings	407	30 243	484	35 964
Financial Investments	78	5 822	76	5 618
Gross assets	485	36 065	560	41 583
Total liabilities	(97)	(7 238)	(93)	(6 877)
NAV	388	28 827	467	34 706
Net interest-bearing receivables/(liabilities)		(4 202)		(4 102)
Number of shares outstanding (million)		74.296		74.296

Gross assets (NOK billion)



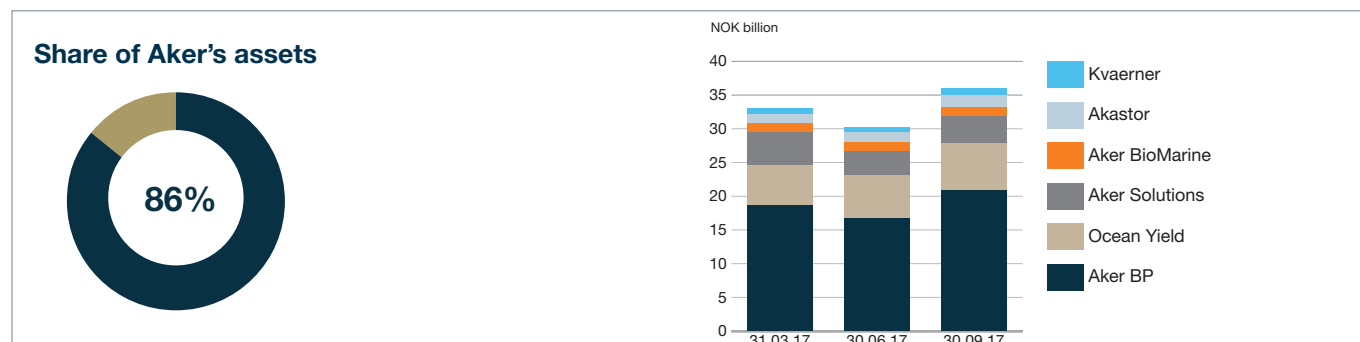
Gross assets per sector (NOK billion)



Net asset value ("NAV") is a core performance indicator at Aker ASA. NAV expresses Aker's underlying value and is a key determinant of the company's dividend policy (annual dividend payments of 2-4 per cent of NAV). Net asset value is determined by applying the market value of exchange-listed shares, while book value is used for other assets. The same valuation principles apply to fund investments. Aker's assets (Aker ASA and holding companies) consist largely of equity investments in the Industrial Holdings segment, and of cash, receivables and fund investments in the Financial Investments segment. Other assets consist mainly of intangibles and tangible fixed assets. The charts above show the composition of Aker's assets. The business segments are discussed in greater detail on pages 5-7 of this report.

Aker – Segment information

Industrial Holdings



Amounts in NOK million	Ownership in %	30.06.2017	3Q 17			30.09.2017	
		Value	Net investments	Received dividends	Other changes	Value change	Value
Aker BP	40.0	16 685	-	(199)	-	4 320	20 805
Ocean Yield	66.2	6 410	-	(148)	-	762	7 024
Aker Solutions	34.8	3 566	-	-	-	419	3 985
Akastor	36.7	1 383	-	-	-	367	1 750
Aker BioMarine*	100.0	1 411	-	-	-	-	1 411
Kvaerner	28.7	788	-	-	-	201	989
Total Industrial Holdings		30 243	-	(347)	-	6 068	35 964

*Reflected at book value

The total value of Aker's Industrial Holdings rose by NOK 5.7 billion in the third quarter to NOK 36.0 billion, mainly due to a NOK 6.1 billion positive value change of the listed holdings. Aker received NOK 347 million in dividend payments from Aker BP and Ocean Yield in the quarter.

Of the NOK 6.1 billion positive value change in the third quarter, Aker BP stood for NOK 4.3 billion, Ocean Yield for NOK 762 million, Aker Solutions for NOK 419 million, Akastor for NOK 367 million and Kvaerner NOK 201 million.

The book value of Aker's non-listed holding, Aker BioMarine, remained at NOK 1.4 billion as per 30 September 2017.

Aker BP

Aker BP is a fully-integrated E&P company operating on the Norwegian Continental Shelf ("NCS"). Aker BP produced on average 131.9 kboed in the third quarter, down from 142.7 kboed in the second quarter, primarily due to planned maintenance at the Skarv and Valhall fields. Full year production guidance for 2017 is 135-140 kboed. In September, the partners in the Johan Sverdrup development reported further project improvements, including a NOK 5.0 billion reduction in Phase 1 investment costs, bringing the total reduction to NOK 31 billion since the PDO was approved in 2015. Following a successful placement of a new USD 400 million bond in June, the company in the third quarter redeemed its USD 300 million subordinated bond and cancelled its USD 550 million revolving credit facility. Subsequent to the quarter, Aker BP announced the acquisition of Hess Norge AS ("Hess Norway") for a cash consideration of USD 2.0 billion. The transaction includes Hess Norway's interests in the Valhall and Hod fields and a tax loss carry forward. As part of the transaction, Aker BP will increase the annual dividend payment from USD 250 million to USD 350 million. To finance the transaction, Aker BP successfully raised NOK 4.1 billion in an equity issue and obtained an indicative

offer for a USD 1.5 billion bank facility, retaining the full flexibility of its existing USD 4.0 billion RBL facility. The equity issue was fully subscribed at a price of NOK 182.5 per share. Aker and BP Plc ("BP") subscribed for 40 per cent and 30 per cent of the issued shares to maintain its respective ownership stakes.

Ocean Yield

Ocean Yield is a ship-owning company with a mandate to build a diversified portfolio of modern vessels within oil services and shipping. The company targets fixed, long-term bareboat charters to credit-worthy counterparties. Ocean Yield reported a strong third quarter, delivering an EBITDA of USD 81 million and a net profit of USD 36 million after adjustments for foreign exchange gains, mark-to-market of derivatives and changes in deferred tax. Furthermore, the company expanded the organisation in the quarter, adding additional capacity to generate new transactions. Aker supports Ocean Yield's strategy of building a larger company over time through making value-accretive transactions and diversifying its portfolio further. At the end of the third quarter, Ocean Yield had USD 221 million in available liquidity which provides the company with ample investment capacity going forward. The company's estimated EBITDA backlog stood at USD 2.9 billion per the end of the third quarter and the average remaining contract tenor (weighted by EBITDA) was 11.2 years. The company raised its dividend in the third quarter by USD 0.10 cents per share quarter-on-quarter.

Aker Solutions

Aker Solutions is a global oil services company providing services, technologies, and product solutions within subsea and field design. Improving operational efficiency, reducing the cost base and nurturing existing and developing new customer relations are high on Aker's ownership agenda for Aker Solutions. In addition, Aker remains open to consider new alliances or structural alternatives if they are beneficial for the company and its shareholders. In the third quarter, Aker Solutions reported NOK 421 million in EBITDA adjusted for special items. As per the end of the third quarter, Aker Solutions had completed 90 per cent of its cost-efficiency program. Furthermore, the company raised the cost-efficiency target by an additional 20 per cent to 50 per cent by the end of 2021. The targets compare to the company's 2015 cost and work volumes. Winning new orders remains a priority and the market is slowly improving. In October, Aker Solutions secured a NOK 1.6 billion contract for an umbilical system with delivery at the end of 2018. Furthermore, a number of large contracts in the subsea space are expected to be awarded over the next six months, and the company is actively positioning itself to take its fair share. The company reported an order intake of NOK 2.6 billion in the quarter, bringing its backlog to NOK 27.2 billion at the end of the third quarter.

Akastor

Akastor is an oil-services investment company with a flexible mandate for active ownership and long-term value creation. Aker encourages Akastor to play an active role in M&A, both to free up cash through the realization of assets and to selectively consider opportunities that could arise in the oil service downturn, albeit in a disciplined manner. An important event in such respect was the recently announced memorandum of understanding with Mitsui & Co Ltd. ("Mitsui") to further expand the current partnership whereby Mitsui will acquire 50 per cent of the shares in AKOFS Offshore. The transaction is expected to give an initial cash release to Akastor of USD 142 million, improving Akastor's financial position. Subsequent to the third quarter, MHWirth, Akastor's most significant holding, also secured two important contracts - first, the delivery of a drilling package for the West White Rose Extension Project and secondly, a 10-year service agreement with Transocean. Akastor continues to work closely with MHWirth to support cost saving programs, operational improvements and strategic initiatives to further strengthen competitiveness and position it for a market recovery.

Aker BioMarine

Aker BioMarine is an integrated biotechnology company that supplies krill-derived ingredients to the consumer health and animal nutrition markets. In the third quarter, the company reported USD 34 million in revenues and USD 8 million in EBITDA. Current year EBITDA is below last year due to higher operating expenses and lower gross margins for both Quill™ Aqua and Superba™ krill oil. Despite a softening market and weaker profitability, Aker maintains its long-term positive view on the company and the market for krill-derived products. In the quarter, Aker BioMarine successfully closed the transaction of Neptune's krill oil business, which further strengthens the company's position in the krill oil market. The acquisition was financed under the revolving credit facility agreement with Aker, of which USD 87 million was drawn at the end of the third quarter. Aker continues to assess options related to the long-term value for Aker BioMarine, creating a larger and more robust company, which may require further funding from Aker.

Kvaerner

Kvaerner is an oil and gas-related EPC company, mainly focused on the NCS. The company continued its solid operational performance in the third quarter and reported an EBITDA of NOK 245 million, corresponding to a margin of 14.6 per cent, well above market consensus. The order backlog ended at NOK 8.2 billion in the third quarter, down 9 per cent from NOK 9.0 billion at the end of the second quarter. The financial position remains strong, with a cash position of NOK 2.6 billion and NOK 2.0 billion in undrawn credit facilities. Kvaerner is currently pursuing several opportunities and the tender activity is high, but the market remains competitive. In order to secure new work, Kvaerner is committed to cutting costs and increasing efficiency to boost competitiveness. Aker supports Kvaerner's ambitions to explore strategic opportunities.

Results and Returns for Industrial Holdings¹⁾

Amounts in NOK million	Aker Solutions		Akastor		Kvaerner	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17
Revenue	5 987	5 419	1 130	1 433	1 975	1 683
EBITDA	477	401	95	54	223	245
EBITDA margin (%)	8.0	7.4	8.4	3.8	11.3	14.6
Net profit continued operations	120	124	(185)	(241)	119	157
Closing share price (NOK/share)	37.38	42.14	8.51	17.40	9.68	12.80
Quarterly return (%) ³⁾	5.3	11.7	(8.4)	26.5	27.4	25.5

Amounts in USD million	Aker BP		Ocean Yield		Aker BioMarine	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17
Revenue	248	596	76	89	33	34
EBITDA ²⁾	210	459	69	81	12	8
EBITDA margin (%)	84.5	77.0	90.2	90.8	38.2	23.0
Net profit continued operations	63	112	33	31	(2)	(3)
Closing share price (NOK/share)	127.10	154.00	65.75	71.50	N/A	N/A
Quarterly return (%) ³⁾	25.3	25.9	11.1	11.9	N/A	N/A

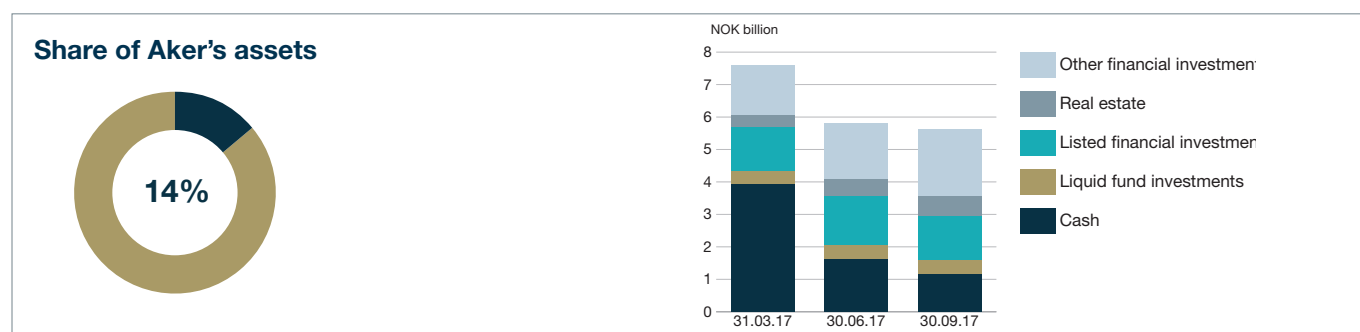
¹⁾ The figures refer to the results reported by the companies. Reference is made to the respective companies' quarterly reports for further details.

²⁾ For Aker BP, EBITDAX is used.

³⁾ The figures refer to total shareholder return, i.e. share price development and dividend payments.

Aker – Segment information

Financial Investments



	30.06.2017		As of 30.09.2017	
	NOK/share ¹⁾	NOK million	NOK/ share ¹⁾	NOK million
Cash	22	1 630	16	1 167
Liquid fund investments	6	422	6	426
Listed financial investments	20	1 520	18	1 338
Real estate	7	509	8	629
Other financial investments	23	1 742	28	2 058
Total Financial Investments	78	5 822	76	5 618

¹⁾ The investment's contribution to Aker's per-share NAV.

Financial Investments comprise Aker's cash, liquid fund investments, listed financial investments, real estate investments and other financial investments. The value of Aker's financial investments amounted to NOK 5.6 billion as of 30 September 2017, down from NOK 5.8 billion at the end of the second quarter.

Aker's **Cash holding** stood at NOK 1.2 billion at the end of the third quarter, down from NOK 1.6 billion as of 30 June 2017. The primary cash inflow in the quarter was NOK 360 million in received dividends. The primary cash outflows were a NOK 333 million drawdown of a loan provided to Aker BioMarine, NOK 199 million in partial repayment of debt under the USD term loan facility, NOK 164 million share investment in Fornebuporten and Cognite, and NOK 124 million in net interest paid and operating expenses.

Aker held NOK 426 million in **Liquid fund investments** at the end of the third quarter, on par with prior quarter.

The value of **Listed financial investments** stood at NOK 1.3 billion as of 30 September 2017, compared to NOK 1.5 billion as of 30 June 2017. The value of Aker's investment in Philly Shipyard increased to NOK 644 million, compared to NOK 597 million in the prior quarter, while the value of Aker's direct and indirect investment in American Shipping Company was NOK 270 million at the end of the third quarter, compared to NOK 324 million as of 30 June 2017. Aker's shares in Solstad Farstad was valued at NOK 403 million as per 30 September 2017. This compares to NOK 562 million at the end of the second quarter. Finally, Aker's shares in Cxense decreased to NOK 21 million compared to NOK 37 million as of 30 June 2017.

Aker's **Real estate** exposure increased by NOK 120 million in the quarter to NOK 629 million from NOK 509 million per 30 June 2017 as Aker contributed part of the equity capital to fund Fornebuporten's NOK 490 million acquisition of Fornebu Sentrum II, a 40,000 sqm land area, from KLP Eiendom. 65 per cent of the purchase price was financed with a sellers credit with a 10 year bullet. Fornebuporten intends to develop the project into residential properties. The value of Aker's current real estate holdings mainly reflects ongoing residential projects, as well as the value of land at Fornebu and Aberdeen.

Other financial investments amounted to NOK 2.1 billion at the end of the third quarter, up from NOK 1.7 billion as of 30 June 2017. Other financial investments consist of equity investments, receivables, and other assets. The increase in the quarter is mainly explained by a NOK 333 million drawdown of a loan provided to Aker BioMarine and a NOK 44 million equity investment in Cognite. The value of Aker's receivables was NOK 1.4 billion at the end of the third quarter, up from NOK 1.1 billion as of 30 June 2017.

Aker ASA and holding companies

Combined balance sheet

Amounts in NOK million	30.06.2017	30.09.2017
Intangible, fixed, and non-interest bearing assets	238	235
Interest-bearing assets	1 096	1 362
Investments ¹⁾	17 761	17 889
Non interest-bearing short-term receivables	76	54
Cash	1 630	1 167
Assets	20 801	20 708
Equity	13 563	13 831
Non interest-bearing debt	310	246
Interest-bearing debt, external	6 928	6 631
Equity and liabilities	20 801	20 708
Net interest-bearing receivables (debt)	(4 202)	(4 102)
Equity ratio (%)	65	67

¹⁾ Aker ASA and holding companies prepares and presents its accounts in accordance with the Norwegian Accounting Act and generally accepted accounting practices (GAAP), to the extent applicable. Accordingly, exchange-listed shares owned by Aker ASA and holding companies are recorded in the balance sheet at the lower of market value and cost price. In accordance with Aker ASA and holding companies' accounting principles, acquisitions and disposals of companies are a part of the ordinary business. Consequently gains from sales of shares are classified as operating revenues in the combined profit and loss statement of the accounts. Gains and losses are only recognised to the extent assets are sold to third parties. Aker's accounting principles are presented in the company's 2016 annual report.

The total book value of assets was NOK 20.7 billion at the end of the third quarter 2017, marginally down from NOK 20.8 billion at the end of the second quarter.

Intangible, fixed and non-interest bearing assets stood at NOK 235 million, on par with the prior quarter.

Interest-bearing assets rose to NOK 1.4 billion at the end of the third quarter from NOK 1.1 billion as per 30 June 2017. The increase is primarily explained by a NOK 333 million drawdown of a loan provided to Aker BioMarine, partly offset by foreign exchange movements as certain receivables are denominated in USD.

Investments amounted to NOK 17.9 billion in the third quarter compared to NOK 17.8 billion as per 30 June 2017. The main changes in the quarter were the investments in Fornebuporten and Cognite, and increase in the book value of Aker's direct investment in Aker Solutions and Akastor. This was partly offset by write-downs of the book value of Aker's investment in Solstad Farstad, American Shipping Company and Cxense.

Non interest-bearing short-term receivables decreased to NOK 54 million in the third quarter, compared to NOK 76 million at the end of the second quarter. The decrease is primarily due to value reduction on the total return swaps related to American Shipping Company.

Aker's **Cash** stood at NOK 1.2 billion at the end of the third quarter, down from NOK 1.6 billion as per the end of the second quarter.

Equity stood at NOK 13.8 billion at the end of the third quarter, compared to NOK 13.6 billion as per 30 June 2017. The increase mainly reflects Aker posting a profit before tax of NOK 229 million in the quarter.

Non interest-bearing debt stood at NOK 246 million in the third quarter, down from NOK 310 million in the prior quarter.

Interest-bearing debt, external fell by NOK 297 million in the third quarter to NOK 6.6 billion. The decrease is primarily related to a NOK 199 million partial repayment of debt under the USD term loan facility and currency fluctuations as two of the outstanding loans are denominated in USD and SEK.

Aker ASA and holding companies

Combined income statement

Amounts in NOK million	2Q 17	3Q 17	YTD 3Q 16	YTD 3Q 17	Year 2016
Sales gain	-	-	1 906	-	1 906
Operating expenses	(54)	(51)	(126)	(168)	(198)
EBITDA	(54)	(51)	1 780	(168)	1 708
Depreciation	(4)	(4)	(30)	(11)	(32)
Value change	(392)	(38)	(217)	(296)	(8)
Net other financial items	249	321	818	1 014	950
Profit/(loss) before tax	(201)	229	2 351	539	2 617

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The income statement for Aker ASA and holding companies shows a profit before tax of NOK 229 million for the third quarter 2017. This compares to a loss before tax of NOK 201 million in the second quarter. As in previous periods, the income statement is mainly affected by value changes in share investments and dividends received.

Operating expenses in the third quarter were NOK 51 million compared to NOK 54 million in the prior quarter.

Value change in the third quarter was negative NOK 38 million reflecting the value decrease of Aker's direct holding in Solstad Farstad, Cxense and American Shipping Company, partly offset by an value increase of Aker Solutions and Akastor. The value change in the quarter compares to a negative value change of NOK 392 million in the second quarter.

Net other financial items in the third quarter amounted to NOK 321 million, compared to NOK 249 million in the second quarter. Net other financial items are primarily impacted by dividends received and by mark-to-market adjustments on foreign exchange positions and Aker's total return swaps related to American Shipping Company. Aker received NOK 360 million in dividends in the third quarter. This compares to NOK 376 million in dividends received in the prior quarter.

The Aker Share

The company's share price increased to NOK 327 at the end of the third quarter 2017 from NOK 274 three months earlier. The company had a market capitalisation of NOK 24.3 billion as per 30 September 2017.

As per 30 September 2017, the total number of shares in Aker amounted to 74 321 862 and the number of outstanding shares was 74 295 513. As per the same date, Aker held 26 349 own shares.

Group consolidated accounts

Following changed legislation effective from 1 January 2017, Aker will no longer publish its group accounts for the first quarter, third quarter and fourth quarter. Half-year and annual group accounts will be published as previously.

Risks

Aker ASA and each portfolio company are exposed to various forms of market, operational and financial risks. Rather than diversifying risk by spreading investments across many different industries, Aker is focused on sectors in which the company possesses long-standing expertise. The company has established a model for risk management based upon identifying, assessing and monitoring major financial, strategic and operational risks in each business segment, drawing up contingency plans for those risks and closely monitoring the consolidated risk picture. The identified risks and how they are managed are reported to the Aker Board on a regular basis. Aker continuously works to improve its risk management process.

The main risks that Aker ASA and holding companies are exposed to are related to the value changes of the listed assets due to market price fluctuations. The development of the global economy, and energy prices in particular, as well as currency fluctuations, are important variables in predicting near-term market fluctuations. Aker ASA and holding companies are also exposed to risk of insufficient access to external financing. The company seeks to mitigate this risk by maintaining a solid cash buffer and by proactively planning for refinancing activities.

The companies in Aker's portfolio are, like Aker, exposed to commercial risks, financial risks and market risks. In addition these companies, through their business activities within their respective sectors, are also exposed to legal/regulatory risks and political risks, i.e. political decisions on petroleum taxes, environmental regulations and operational risks, including major accidents which may have significant financial impact.

Despite an increase over the last two years, crude oil prices are still lower than observed in the period from 2011 to 2014 and volatility is high. This has impacted revenues for both oil and gas and oil services companies, which in turn may adversely affect the financial strength of some of Aker's portfolio companies' counterparties.

Aker's risk management, risks and uncertainties are described in the Annual Report for 2016.

Key events after the balance sheet date

After the close of the third quarter 2017, the following events occurred that affect Aker and the company's investments:

- On 20 October, Aker Solutions announced a NOK 1.6 billion contract for an umbilical system with delivery at the end of 2018.
- On 20 October, Akastor announced that MHWirth had received a contract from Wood Group Canada for delivery of a drilling package, including equipment, engineering and services for the West White Rose project offshore Canada.
- On 24 October, Aker BP announced that it had entered into an agreement to acquire Hess Norway for a total cash consideration of USD 2.0 billion. The transaction includes Hess Norway's 64.05 per cent share of the Valhall field, its 62.5 per cent share of the Hod field and a tax loss carry forward. The transaction was partly financed by the issuance of NOK 4.1 billion in new equity at a subscription price of NOK 182.5 per share. Aker and BP subscribed for 40 per cent and 30 per cent of the issued shares.
- On 25 October, Akastor announced that it had entered into a Memorandum of Understanding with Mitsui, in which Mitsui will purchase 50 per cent of the shares in AKOFS Offshore. The transaction is expected to result in an initial net cash release to Akastor of approximately USD 142 million. Completion of the transaction is expected in first quarter 2018.
- In November, Aker raised USD 200 million in new bank financing to fund the NOK 1.6 billion participation in Aker BP's equity issue, of which USD 100 million was an increase of the existing term loan facility to USD 350 million and USD 100 million in a new facility. As per the end of the third quarter, the outstanding amount

under the term loan was USD 150 million, leaving USD 100 million available for drawing until June 2018. Furthermore, Aker increased its revolving credit facility with NOK 500 million to NOK 1.5 billion and maturity was extended by one year to February 2021. The facility was undrawn as per the end of the third quarter.

- In November, Fornebuporten and OBOS signed an agreement to set up a 50-50 joint venture company where each partner will contribute their respective landholding at Fornebuporten. The new company will control land with a total footprint of 35,100 sqm. Fornebuporten will assume management of the company and be responsible for the development of around 700 residential apartments. The transaction will not require cash payment from Fornebuporten.

Outlook

Investments in listed shares comprised 86 per cent of the company's assets as per 30 September 2017. About 68 per cent of Aker's investments was associated with the oil and gas sector, 18 per cent with the maritime industry, seafood and marine biotechnology 6 per cent, cash and liquid fund investments represented 4 per cent, and other assets 5 per cent. Aker's NAV will thus be influenced by fluctuations in commodity prices, exchange rates and developments on the Oslo Stock Exchange, as well as operational performance.

The cutbacks in E&P spending, driven by oil and gas companies' focus on free cash flow amid lower crude prices, have put the oil service industry under pressure. The reduction in spending seen over the last three years has led to a sharp decline in activity and few new projects have been sanctioned globally. At the same time, cost-cutting measures and increased operational efficiency across the industry have brought down break-even costs for offshore projects. Aker expects that this will lead to more projects being sanctioned and that spending will increase in the short to medium term. In addition, the oil market is gradually balancing and oil prices have started to slowly increase along with continued demand growth. Nevertheless, Aker expects the overall activity level to remain subdued as E&P companies continue to take a cautious approach to new investments. Therefore, Aker's portfolio companies in the oil and gas sector will continue to reduce their cost base to increase competitiveness through increased productivity, efficiency and standardisation, improved technology offerings, and by exploring strategic partnerships and alliances. Longer term, Aker remains positive about the outlook for oil and gas and will therefore continue to evaluate strategic alternatives and opportunities in the sector.

Aker's strong balance sheet, liquidity and undrawn credit facilities enable the company to face unforeseen operational challenges and short-term market fluctuations, as well as to seize value-accretive investments when they materialise. As an industrial investment company, Aker will use its resources and competence to promote and support the development of the companies in its portfolio, and to consider new investment opportunities.

Fornebu, 22 November 2017
Board of Directors and President and CEO

Financial calendar 2018

16 February	4Q 2017 report
9 May	1Q 2018 report
18 July	1H 2018 report
9 November	3Q 2018 report

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Alternative Performance Measures

Aker ASA refers to alternative performance measures with regards to Aker ASA and holding companies' financial results and those of its portfolio companies, as a supplement to the financial statements prepared in accordance with IFRS. Such performance measures are frequently used by securities analysts, investors and other interested parties, and they are meant to provide an enhanced insight into operations, financing and future prospects of the group. The definitions of these measures are as follows:

- **EBITDA** is operating profit before depreciation, amortisation and impairment charges.
- **EBITDA margin** is EBITDA divided by revenue.
- **EBITDAX** is operating profit before depreciation, amortisation, impairment charges and exploration expenses.
- **Equity ratio** is total equity divided by total assets.
- **Gross asset value** is the sum of all assets, determined by applying the market value of exchange-listed shares, while book value is used for other assets.
- **Kboed** is thousand barrels of oil equivalents per day
- **Net Asset Value** ("NAV") is gross asset value less liabilities.
- **NAV per share** is NAV divided by the total number of outstanding Aker ASA shares.
- **Net interest-bearing receivable/debt** is cash, cash equivalents and interest-bearing receivables (current and non-current), minus interest-bearing debt (current and non-current).
- **Order intake** includes new signed contracts in the period, in addition to expansion of existing contracts. The estimated value of potential options and change orders is not included.
- **Order backlog** represents the estimated value of remaining work on signed contracts.
- **Value-adjusted equity ratio** is NAV divided by gross asset value.