

# Q3 2009

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Oslo**

**ODIM**

**DEEP  
KNOWLEDGE**



# AGENDA

## Business development

- ▶ **Highlights**
- ▶ **Revenues and earnings**
- ▶ **Order intake and back log**
- ▶ **Market**
  - ▶ Offshore Service Vessels
  - ▶ Subsea & Deepwater Installation
  - ▶ Naval & Power
  - ▶ After Sales & Service

## Improved execution model



# A leading provider in selected niches

## OFFSHORE SERVICE VESSELS



## NAVAL & POWER



## SUBSEA & DEEPWATER INSTALLATION



Seismic

Oceanographic

Offshore Supply

After Sales & Service

Airborn & Shipboard

Nuclear Power

After Sales & Service

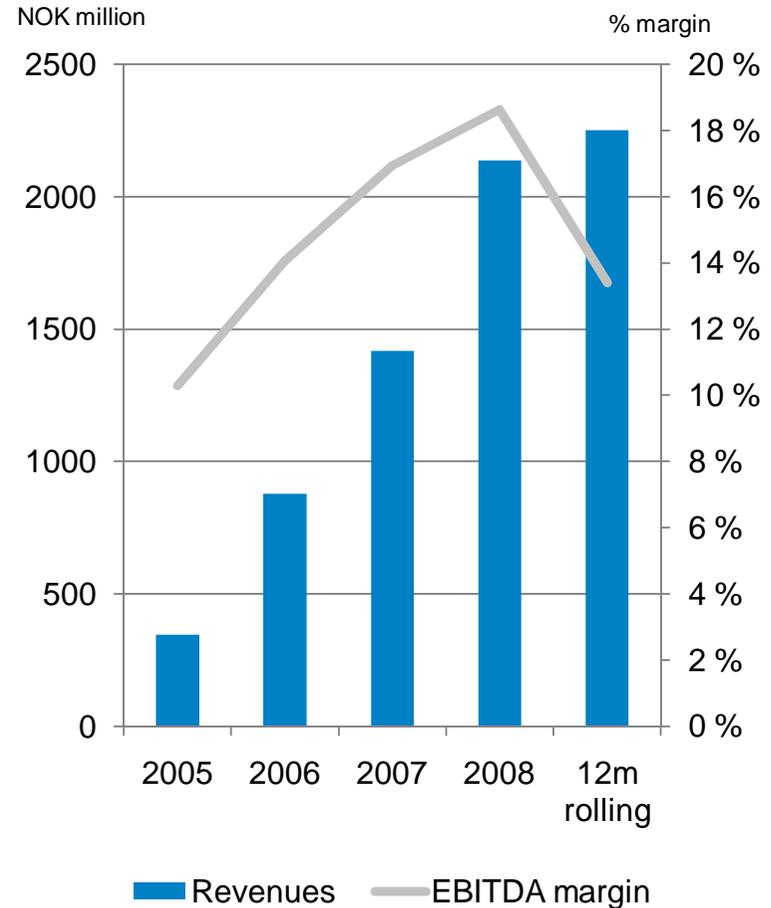
Subsea & Deepwater Inst.

Well Intervention

After Sales & Service

# Group highlights

- » Margin affected by complex pioneer projects
- » Improved project execution model implemented
- » Signs of market improvement in a challenging market environment
- » Extensive cost program initiated
  - Annual fixed costs savings of NOK 40 million
- » Successful establishment of Vietnam facility
- » Increased financial flexibility



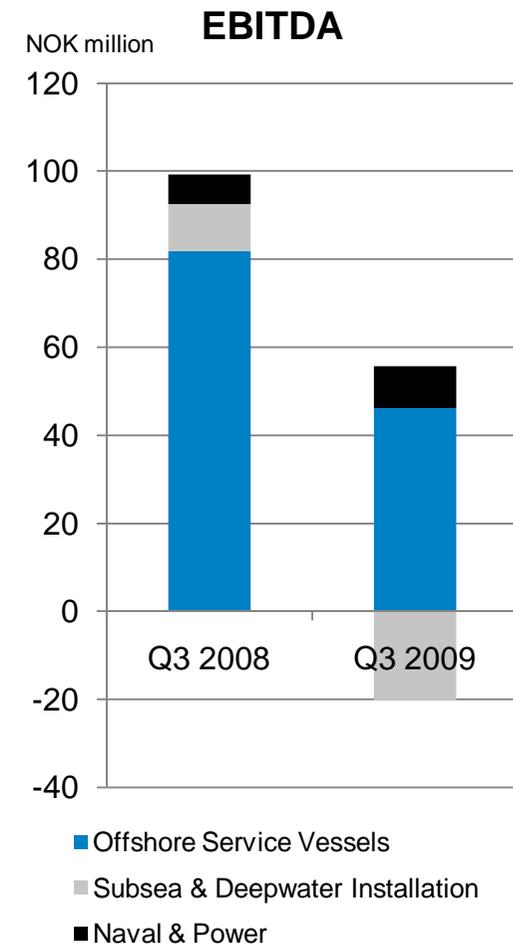
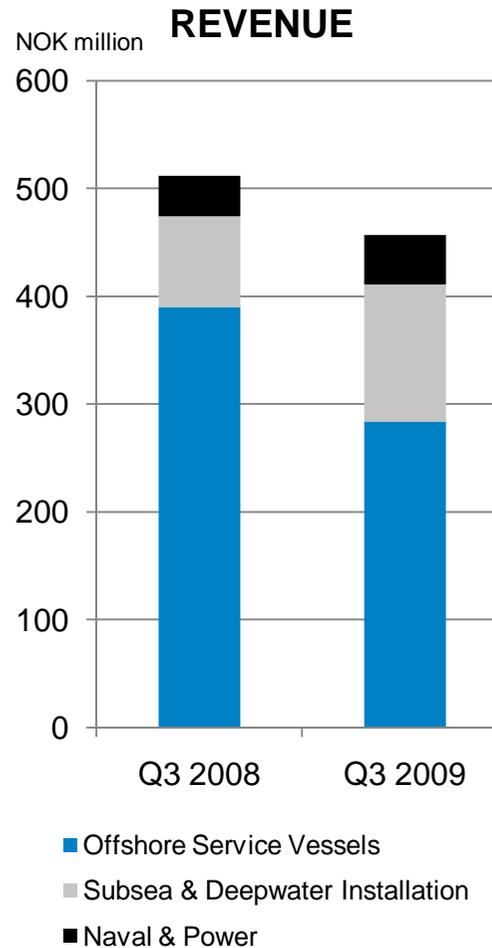
# Revenues and earnings per business area

» Revenue affected by:

- ▶ Lower order intake
- ▶ Some postponements in projects from clients

» EBITDA affected by:

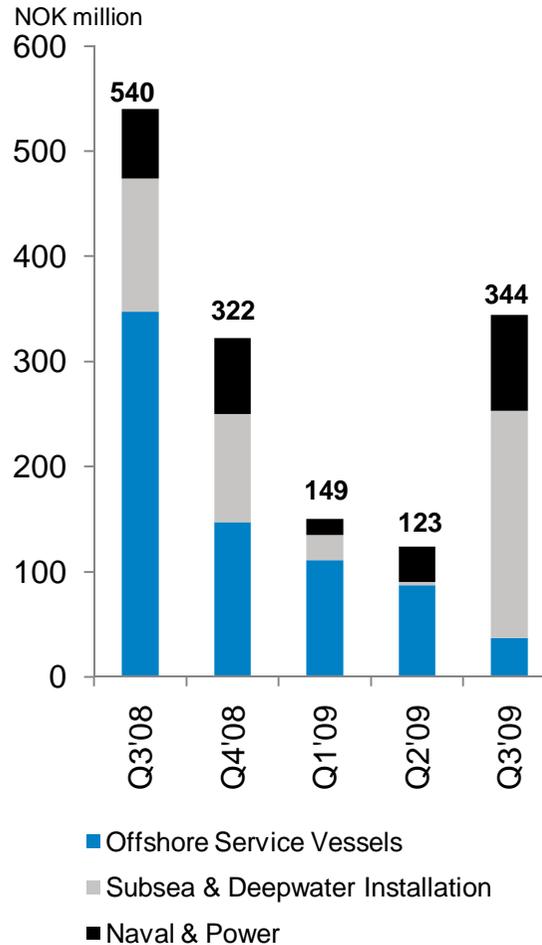
- ▶ Reduced turnover in Offshore Service Vessels
- ▶ NOK ~20 million in extra costs on two pioneer projects with high R&D
- ▶ Change in product mix
- ▶ CEO exit



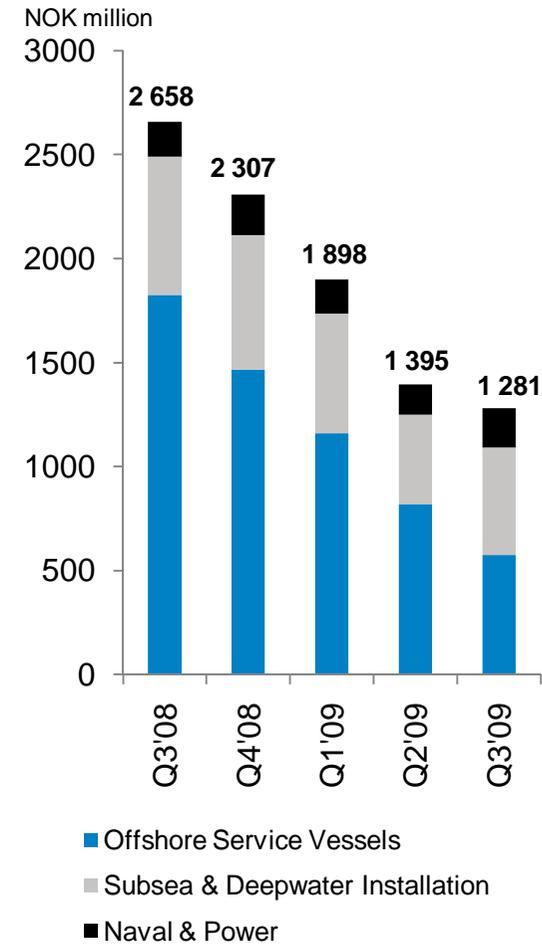
# Order backlog and order intake

- ▶▶ Orders intake NOK 344 million in Q3'09
  - ▶ NOK 147 million Talisman contract
- ▶▶ NOK ~400 million of backlog will be executed in Q4'09
- ▶▶ Contracts worth NOK 100 million at risk
- ▶▶ NOK 320 million ODIM Smart AHTS™ contract from Havyard taken out of backlog
- ▶▶ Backlog reduced by NOK 210 million letter of intent

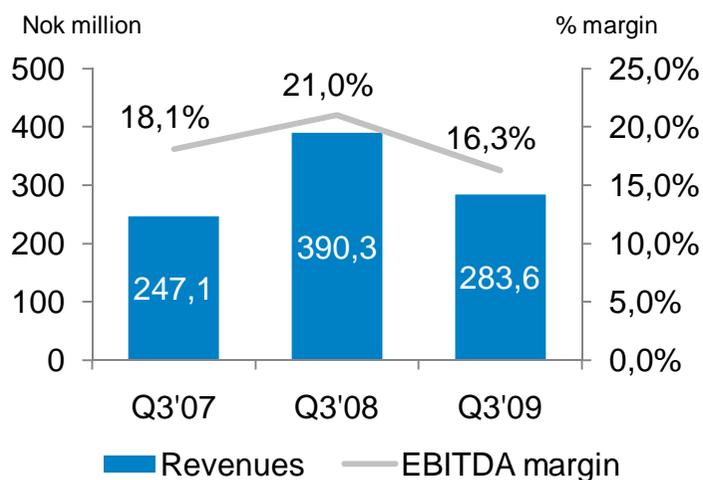
### ORDER INTAKE



### ORDER BACKLOG

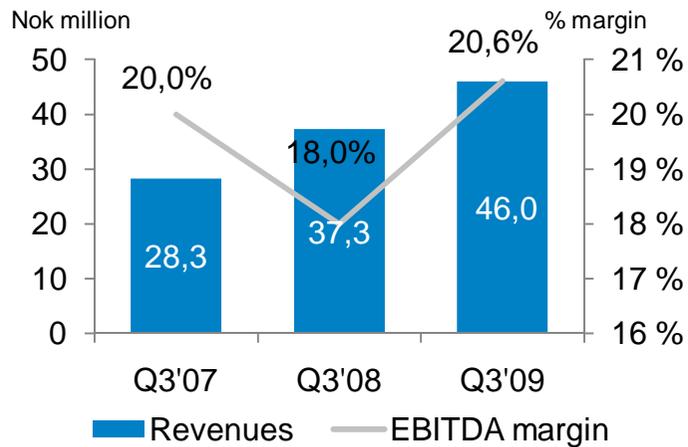


# Offshore Service Vessels



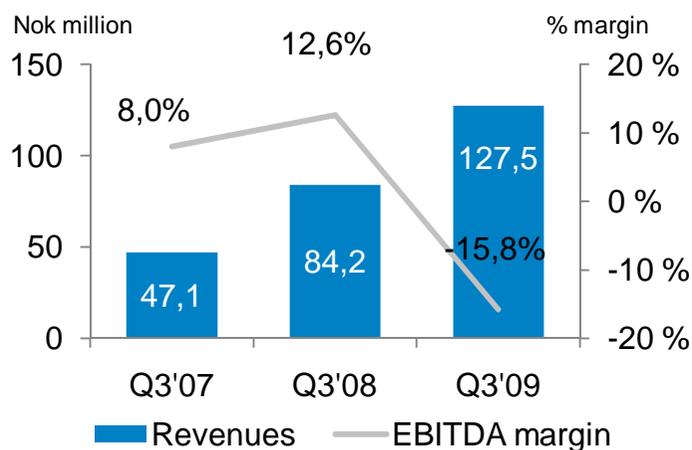
- ▶▶ Better than expected start up in Vietnam
  - ▶ Significant ramp up potential
  - ▶ Provides short term operational flexibility
  - ▶ Long term growth opportunities
- ▶▶ Seismic
  - ▶ Signs of market improvement, but still challenging
- ▶▶ Offshore Supply
  - ▶ Overcapacity in standard market
  - ▶ Focus on specialized vessels
  - ▶ ODIM Smart AHTS™ - Still high sales efforts and positive feedback
- ▶▶ Oceanographic
  - ▶ Increased public spending creates opportunities

# Naval & Power



- ▶ Q3'09 order intake: NOK 91 million
- ▶ Solid development and interesting opportunities
  - ▶ Option for delivery of 21 naval systems worth NOK 260 million with first delivery in 2010
- ▶ High tender activity
  - ▶ Nuclear Power
  - ▶ Airborne & Shipboard
- ▶ Organization will continue to be strengthened
  - ▶ Organic growth
  - ▶ Strategic acquisitions

# Subsea & Deepwater Installation



- ▶ Q3'09 order intake: NOK 216 million
  - ▶ NOK 147 million Talisman contract
- ▶ Margins hurt by extra costs on 2 prototype projects
- ▶ Increased tender activity in subsea based on improved oil price
- ▶ Brazil: Initiatives with partners
  - ▶ Introducing ODIM technology to Petrobras
- ▶ Well intervention: Interesting market opportunities
- ▶ Positioned for larger and more complex projects going forward

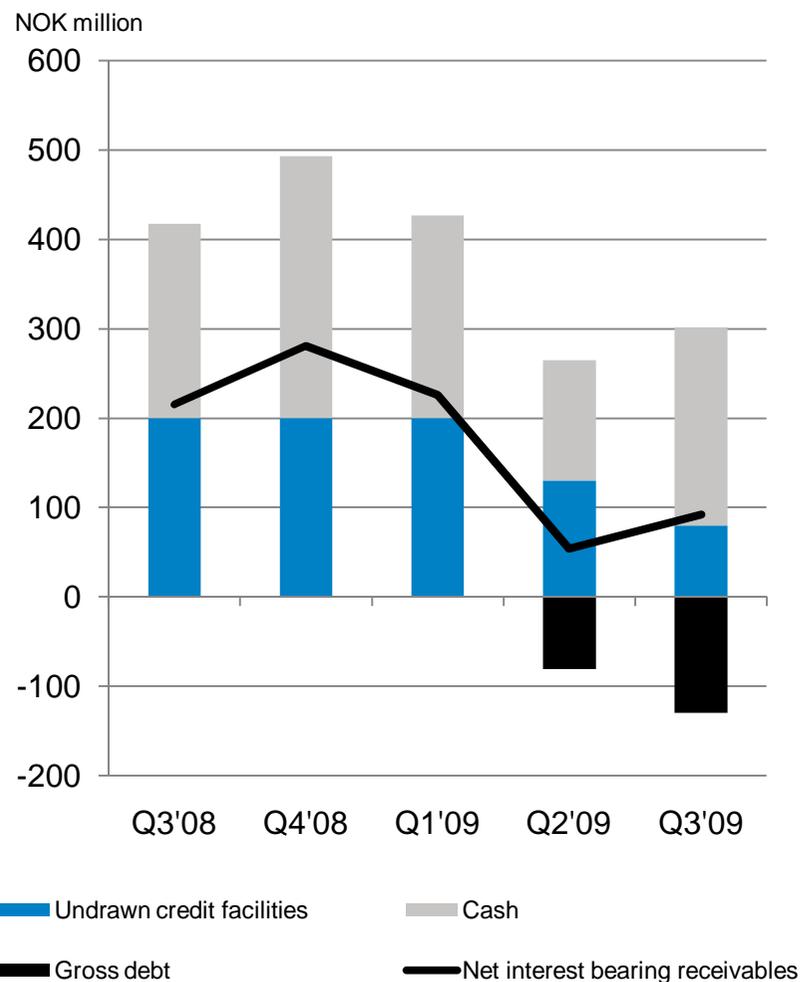
# After Sales & Service

- ▶ Constitutes 12% of total revenue
  - ▶ Maintain target to have 15-20% of revenue from After Sales & Service
  - ▶ Continue to expand international network
- ▶ High level of inquiries
- ▶ Continue to increase installed base



# Increased financial flexibility

- ▶▶ Healthy financial position with a comfortable debt level
- ▶▶ Total liquidity buffer of NOK 302 million
- ▶▶ Received offer to increase credit facility to NOK 450 million
  - ▶ To finance working capital need for larger projects
  - ▶ Strategic acquisitions



# Adapting to current market situation

## Booming markets: Organisation set for growth

- » Expansion costs
  - » China
  - » Vietnam
- » Acquisitions
- » Increasing capacity costs
  - » Increased overhead costs
- » Increasing management capacity
- » Increasing support functions

## A shift came in 2008/2009...

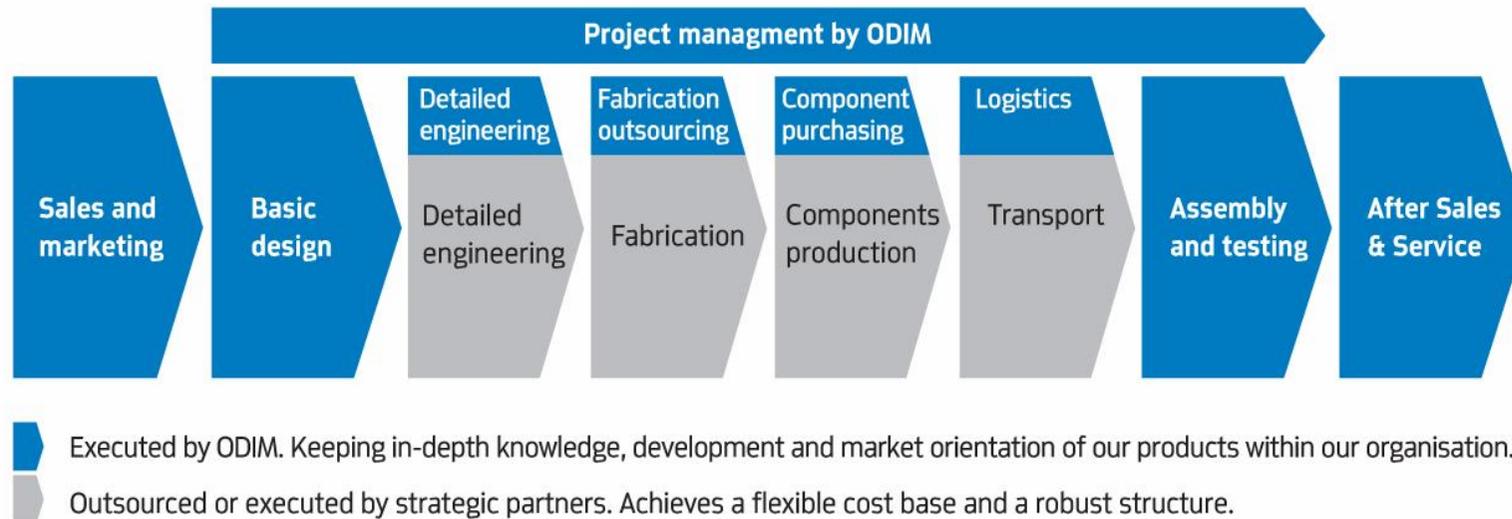
- » Reduced order intake
- » Change in product mix
- » Postponed subsea market
- » More complex solutions
  - » Longer lead time
  - » Increased sales effort
  - » Larger fluctuations in order intake

# Extensive cost programme initiated

ACTIONS	SPECIFICS
Streamlining production	<ul style="list-style-type: none"> <li>• From 7 to 3 sites in Norway</li> <li>• Closing Romania site</li> <li>• Closing Houston office</li> </ul>
Streamlining organization	<ul style="list-style-type: none"> <li>• New management team</li> <li>• New matrix organization implemented</li> </ul>
Improved purchasing terms	<ul style="list-style-type: none"> <li>• Up to 20% reduction</li> </ul>
Temporary redundancy	<ul style="list-style-type: none"> <li>• Under constant evaluation</li> </ul>
Other	<ul style="list-style-type: none"> <li>• Enforce guidelines               <ul style="list-style-type: none"> <li>• Overtime</li> <li>• Traveling</li> <li>• Employment</li> </ul> </li> <li>• Consultancy agreements</li> <li>• Sponsor/Marketing</li> <li>• Reduction in car fleet</li> <li>• Canteen/Cleaning</li> <li>• Insurance agreements</li> </ul>

# Streamlining production in Norway

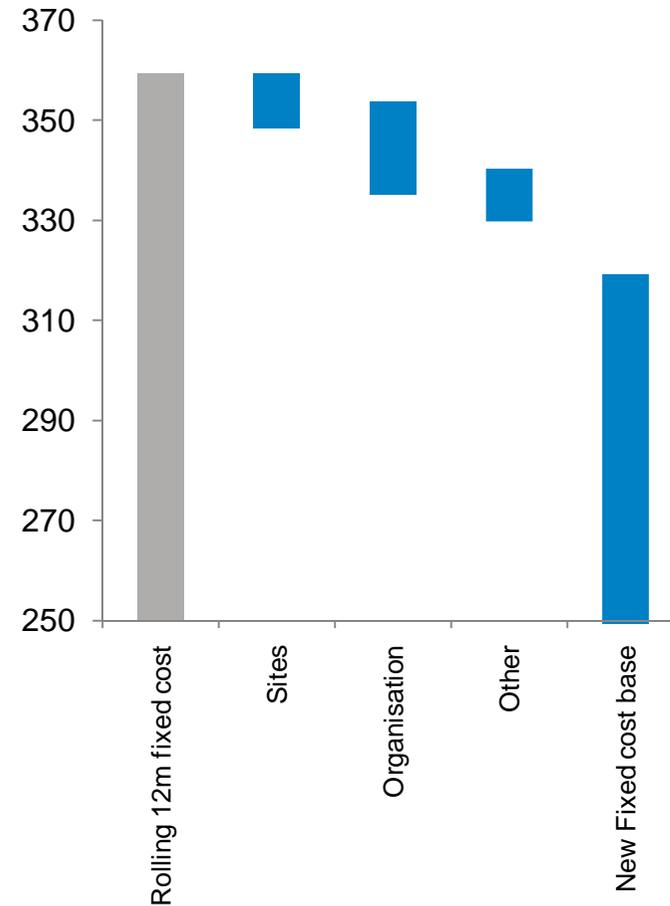
- ▶▶ Close Dragsund
  - ▶ Move production to Vietnam/Hjørungavåg
- ▶▶ Dispose Mjølstadneset,
  - ▶ Free up capital
- ▶▶ Close Kristiansund
  - ▶ Assembly and testing
- ▶▶ Close Saunesmarka
  - ▶ Move After Sales & Service to Hjørungavåg



# Establishing new cost base

- ▶ Fixed cost base reduced by approx. NOK 40 million
  - ▶ Full effect from H2 2010
- ▶ Variable costs adjusted to activity level
- ▶ Will implement further measures if necessary
- ▶ Cost programme will be continued
  - ▶ Fixed costs will be reduced further
  - ▶ Variable costs will be adjusted to activity level

Fixed cost base



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## Streamlining project execution



# Streamlining project execution

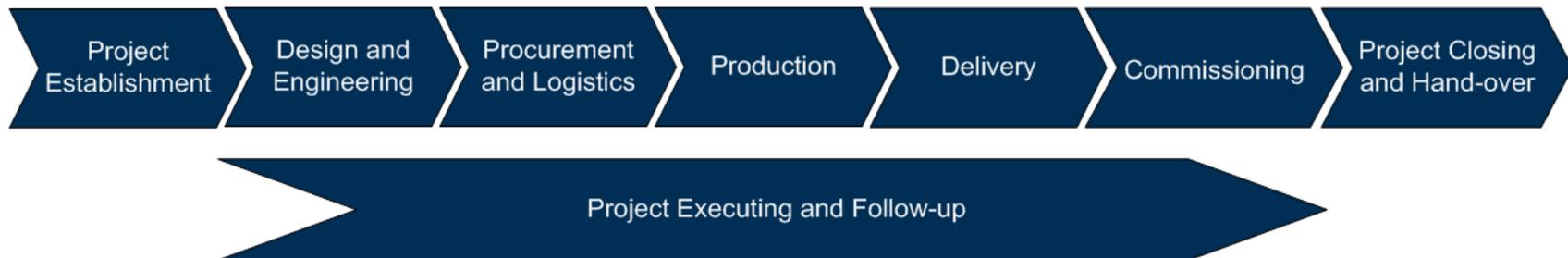
## Complexity increased with growth

- ▶ Strong growth
  - ▶ Increased complexity in organisation
  - ▶ Limited co-ordination between sites
- ▶ Different best practice and processes
  - ▶ Different infrastructure
  - ▶ Different level of formalities

## Actions to improvement

- ▶ Organizational synergies
- ▶ Common processes
- ▶ Common infrastructure
- ▶ Improved dimensions and formalities

## Improved execution model



# Common infrastructure

- ▶▶ Common infrastructure simplifies/ strengthens internal communication
- ▶▶ Common systems and work methods for all ODIM companies:
  - ▶▶ Portal for project information and communication
  - ▶▶ Document management system
  - ▶▶ ERP (enterprise resource planning)
  - ▶▶ Planning tools



# Improved dimensions and formalities

- ▶▶ Project requirements
- ▶▶ Risk management systems
- ▶▶ Financial control and performance
- ▶▶ Formal reporting and project execution



First project with implemented improved execution model:

- ▶▶ Contract by Talisman to develop and build a workover rig for the Yme field in the North Sea.
- ▶▶ Increased Oil Recovery (IOR).

# Effects improved execution model

## Actions to improvement

## Effects

Organizational synergies

- Clarified functional responsibility

Common processes

- Simplify and secure work flows

Common infrastructure

- Improved cost focus and control

Improved dimensions and formalities

- Improved earning and predictability



# Summary and outlook

- ▶▶ Margin affected by complex pioneer projects
- ▶▶ Improved project execution model implemented
- ▶▶ Signs of market improvement in a challenging market environment
- ▶▶ Extensive cost program initiated
  
- ▶▶ Uniquely positioned to secure subsea growth
  - ▶ Committed to project excellence
  - ▶ Unique products and solutions





**Welcome back on  
Q4 presentation**

**February 26, 2010**

**ODIM**

# Appendix

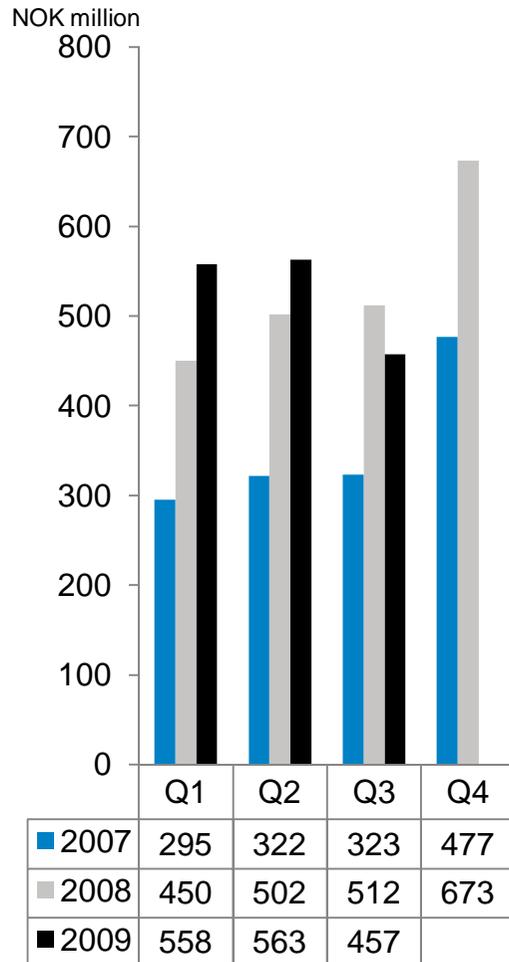


**ODIM**

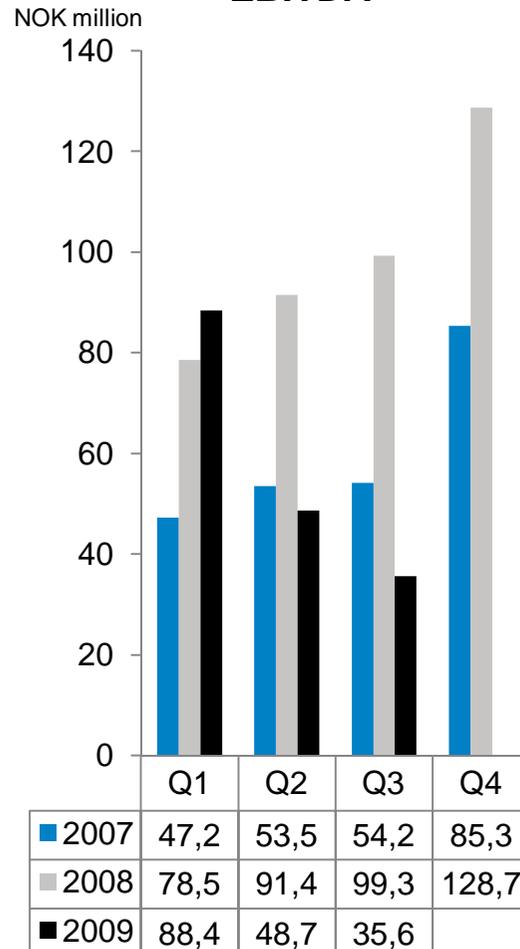
# Appendix Financial highlights



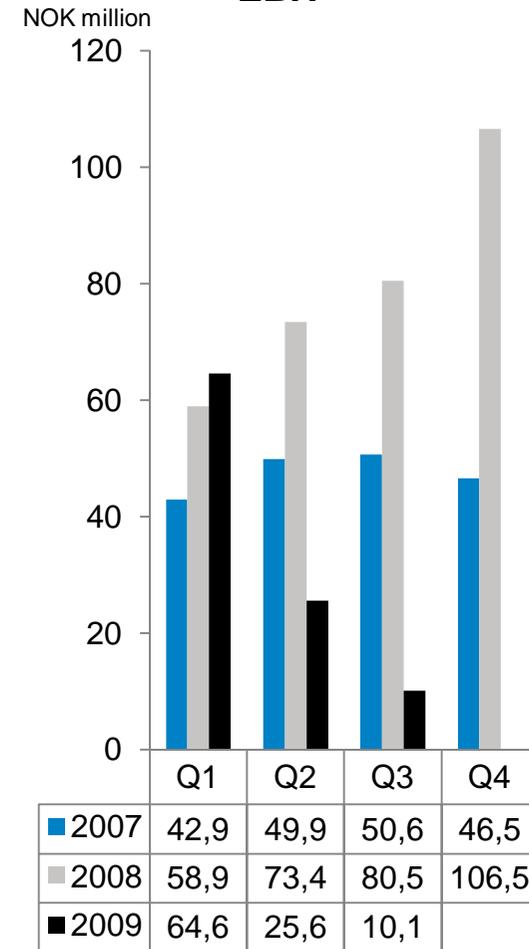
## REVENUE



## EBITDA



## EBIT



## Appendix Income statements

<i>(Figures in NOK million)</i>	<b>Q3 2009</b>	<b>Q2 2009</b>	<b>Q1 2009</b>	<b>Q4 2008</b>	<b>Q3 2008</b>	<b>YTD 2009</b>	<b>YTD 2008</b>
<b>Revenues</b>	<b>457.2</b>	<b>562.6</b>	<b>558.2</b>	<b>672.5</b>	<b>511.8</b>	<b>1,578.0</b>	<b>1 464.0</b>
Operating expenses	-421.6	-513.9	-469.8	-543.8	-412.5	-1,405.4	-1 194.9
<b>EBITDA</b>	<b>35.6</b>	<b>48.7</b>	<b>88.4</b>	<b>128.7</b>	<b>99.3</b>	<b>172.7</b>	<b>269.2</b>
Amortizations and depreciations	-25.5	-23.1	-23.8	-22.3	-18.8	-72.4	-56.5
<b>EBIT</b>	<b>10.1</b>	<b>25.6</b>	<b>64.6</b>	<b>106.4</b>	<b>80.5</b>	<b>100.3</b>	<b>212.7</b>
Net finance	1.7	2.7	3.1	13.5	6.2	7.4	17.6
<b>Pretax profit</b>	<b>11.8</b>	<b>28.4</b>	<b>67.6</b>	<b>119.8</b>	<b>86.7</b>	<b>107.7</b>	<b>230.4</b>
Taxes	-6.4	-8.4	-20.3	-38.0	-24.8	-35.2	-67.1
<b>Net result</b>	<b>5.4</b>	<b>19.9</b>	<b>47.3</b>	<b>81.8</b>	<b>61.9</b>	<b>72.6</b>	<b>163.3</b>

## Appendix Cash flow statements

<i>(Figures in NOK million)</i>	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	YTD 2009	YTD 2008
Cash flow from operational activities	47.3	-60.4	-2.0	118.2	-34.1	-15.2	179.9
Cash flow from investing activities	-8.4	-16.8	-52.9	-52.3	-44.8	-78.1	-233.7
Cash flow from financing activities	48.1	-14.7	-11.4	9.6	0.1	22.0	2.0
<b>Net change in cash</b>	<b>86.9</b>	<b>-91.9</b>	<b>-66.3</b>	<b>75.5</b>	<b>-78.8</b>	<b>-71.3</b>	<b>-51.8</b>
<b>Cash at start of period</b>	<b>134.8</b>	<b>226.7</b>	<b>293.0</b>	<b>217.5</b>	<b>296.3</b>	<b>293.0</b>	<b>269.3</b>
<b>Cash at end of period</b>	<b>221.7</b>	<b>134.8</b>	<b>226.7</b>	<b>293.0</b>	<b>217.5</b>	<b>221.7</b>	<b>217.5</b>

## Appendix Balance sheets

<i>(Figures in NOK million)</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.03 2009</b>	<b>31.12 2008</b>	<b>30.09 2008</b>
Intangible assets	351.2	368.4	370.6	399.5	392.0
Tangible assets	212.7	226.8	225.0	205.8	157.4
Financial assets	12.2	13.4	11.1	6.1	6.8
Current assets other than cash / cash equivalents	839.2	868.4	868.4	868.5	750.4
Cash and cash equivalents	221.7	134.8	226.7	293.0	217.5
<b>Total assets</b>	<b>1,637.1</b>	<b>1,611.8</b>	<b>1,701.8</b>	<b>1,773.0</b>	<b>1,524.1</b>
Total equity	757.3	773.2	845.9	821.5	689.0
Interest bearing debt	130.0	80.9	1.0	12.2	2.1
Non interest bearing debt	749.8	757.7	854.9	939.4	833.0
<b>Total liabilities and equity</b>	<b>1,637.1</b>	<b>1,611.8</b>	<b>1,701.8</b>	<b>1,773.0</b>	<b>1,524.1</b>

## Appendix

# Largest shareholders (as of November 16)

Rank	Investor	Shares	% of total
1	ROLLS-ROYCE MARINE AS	15,545,634	33,00%
2	KAS DEPOSITARY TRUST COMPANY	4,624,179	9,82%
3	JPMORGAN CHASE BANK	2,623,500	5,57%
4	VERDIPAPIRFONDET HANDELSBANKEN	1,500,000	3,18%
5	SEB ENSKILDA ASA EGENHANDELSKONTO	1,080,000	2,29%
6	MP PENSJON	1,065,600	2,26%
7	STATE STREET BANK AND TRUST CO.	872,600	1,85%
8	STATE STREET BANK AND TRUST CO.	742,000	1,58%
9	DNB NOR BANK ASA EGENHANDELSKONTO	720,000	1,53%
10	SEB LONDON	667,000	1,42%
11	DNB NOR SMB VPF	660,000	1,40%
12	JM CONSULT AS	640,821	1,36%
13	SKAGEN VEKST	600,800	1,28%
14	TERRA SPAR VPF	512,900	1,09%
15	STATE STREET BANK AND TRUST CO.	509,985	1,08%
16	BNP PARIBAS SECS SERVICES PARIS	500,000	1,06%
17	THE NORTHERN TRUST CO.	476,769	1,01%
18	SKANDINAVISKA ENSKILDA BANKEN	455,350	0,97%
19	ALDEN AS	450,000	0,96%
20	AKER ASA	445,966	0,95%