



# **Hunter Group ASA**

## Half-year results 2017

31 August 2017

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1. Highlights
2. Financials
3. Introduction to Hunter Group
4. Dwellop
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# Highlights

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- New strategy; focus on acquisition of oil service technology
- NOK 385m in new equity
- Name and ticker changed from Badger Explorer ASA (“BXPL”) to Hunter Group ASA (“HUNT”)
- New board of directors and management
- Acquisition of Dwellop AS for NOK 185m with settlement in cash and HUNT shares in May 2017
- Initiated reorganization of Hunter Group
- Continuously in process of assessing transactions
- Work over rig delivered 24 May 2017
- Revenues of NOK 23m and negative EBIT of NOK 85m



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# Income statement

## Consolidated income statement

Unaudited figures in NOK 1 000	Note	Year to date		Year end
		30.06.2017	30.06.2016	31.12.2016
<i>Revenues</i>				
Revenues		23 045	42	66
Total Revenues		23 045	42	66
<i>Operating expenses</i>				
Raw materials and consumables used		13 970	1 296	1 561
Payroll expenses		10 898	1 830	4 140
Depreciation and amortisation expense	3	2 451	80	99
Net write-down intangible assets and capitalized grants	3	69 374	-	-
Other operating expenses		12 933	2 357	4 391
Capitalised development cost		(1 915)	(2 473)	(3 515)
Total operating expenses		107 710	3 090	6 676
Operating profit (loss)		(84 665)	(3 048)	(6 610)
<i>Financial income and expenses</i>				
Interest income		1 350	-	-
Finance income		725	-	-
Other financial income		-	-	-
Interest expenses		(302)	(242)	(445)
Other financial expenses		(582)	-	-
Net financial income (loss)		1 191	(242)	(445)
Profit (loss) before taxes		(83 475)	(3 290)	(7 055)
Tax on ordinary result	8	17 796	-	-
Net profit (loss)		(65 678)	(3 290)	(7 055)
<i>Earnings per share</i>				
Earnings per share		-0,07	-0,18	-0,38

- Numbers based on consolidation of Dwellop from 2 May 2017
- One off costs related to restructuring of the Company and acquisition of Dwellop. Total one off costs approx. NOK 6m
- Write-down of intangible assets (approx. NOK 151m) relates to the Badger Technology
- The related Commercial grants (approx. NOK 82m) are also written down (net write-down of NOK 69m)
- The contractual obligations related to any future earnings in Indicator based on the Badger Tool technology will remain in force should there be commercializing possibilities of the technology in the future

# Balance sheet

## Assets

Unaudited figures in NOK 1 000	Note	30.06.2017	30.06.2016	31.12.2016
<b>NON-CURRENT ASSETS</b>				
Research and development	2, 3	20 688	149 132	149 632
Patents and customer relationships	2, 3	21 648	387	387
Goodwill	2, 3	58 655	-	-
<b>Total intangible assets</b>		<b>100 990</b>	<b>149 519</b>	<b>150 019</b>
Property, plant, equipment & machineries		27 206	21	24
<b>Total tangible assets</b>		<b>27 206</b>	<b>21</b>	<b>24</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>128 196</b>	<b>149 540</b>	<b>150 043</b>
<b>CURRENT ASSETS</b>				
Inventories		1 188	-	-
<b>Total inventories</b>		<b>1 188</b>	<b>-</b>	<b>-</b>
Accounts receivables		48 314	6	-
Other short-term receivables		6 816	2 517	605
<b>Total current receivables</b>		<b>55 131</b>	<b>2 523</b>	<b>605</b>
Cash and cash equivalents		286 815	287	335
<b>TOTAL CURRENT ASSETS</b>		<b>343 133</b>	<b>2 810</b>	<b>940</b>
<b>TOTAL ASSETS</b>		<b>471 329</b>	<b>152 350</b>	<b>150 983</b>

- Goodwill relates to Dwellop transaction
- Accounts receivables have decreased over the last months and was NOK 33m as of July

# Balance sheet

## Equity and Liabilities

Unaudited figures in NOK 1 000	Note	30.06.2017	30.06.2016	31.12.2016
<b>EQUITY</b>				
Share capital	4	163 948	2 317	2 317
Share premium	4	504 507	218 070	218 070
Additional paid-in capital	4	-	3 903	3 935
Other equity	4	(227 082)	(161 638)	(165 403)
<b>TOTAL EQUITY</b>		<b>441 373</b>	<b>62 652</b>	<b>58 919</b>
<b>LIABILITIES</b>				
Deferred tax liability	8	-	-	-
<b>Total deferred tax liability</b>		<b>-</b>	<b>-</b>	<b>-</b>
Capitalized grants	3	-	79 500	81 500
Other interest-bearing debt		13 500	-	-
<b>Total non-current liabilities</b>		<b>13 500</b>	<b>79 500</b>	<b>81 500</b>
Trade creditors		7 483	2 847	2 063
Accrued public charges and indirect taxes		563	180	281
Taxes payable		-	-	-
Debt financial institutions		3 600	6 820	6 889
Other current liabilities		4 811	351	1 331
<b>Total current liabilities</b>		<b>16 456</b>	<b>10 198</b>	<b>10 564</b>
<b>TOTAL LIABILITIES</b>		<b>29 956</b>	<b>89 698</b>	<b>92 064</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>471 329</b>	<b>152 350</b>	<b>150 983</b>

- Interest bearing debt amortizes with NOK 0.9m quarterly and is due in February 2019
- Credit facility in Dwellop of NOK 15m currently undrawn

# Cash flow statement

## Consolidated cash flow statement

Unaudited figures in NOK 1 000	Year to date		Year end
	30.06.2017	30.06.2016	31.12.2016
Contribution from operations before tax	(12 633)	(3 233)	(6 730)
Change in accounts receivables and accounts payables	(11 306)	(237)	(1 015)
Change in inventory	7 716	-	-
Change in other receivables and payables and other	(6 513)	(841)	(376)
Net cash flow from operating activities	(22 736)	(4 311)	(8 121)
Capitalization of development cost	(1 915)	(2 473)	(3 516)
Net investments in PPE & intangible assets	2 (60 000)	-	-
Net cash flow from investment activities	(61 915)	(2 473)	(3 516)
Public grants	1 061	2 619	5 166
Contribution from industry partners	-	4 000	6 500
Interest received	1 350	19	30
Interest paid	(302)	(261)	(488)
Proceeds from borrowings financial institution	(7 754)	109	178
Capital contribution	4 385 368	-	-
Transaction cost capital contribution	2 (18 069)	-	-
Net cash flow from financing activities	361 654	6 486	11 386
Total net changes in cash flow	277 002	(298)	(251)
Cash in acquired company	2 9 478	-	-
Cash and cash equivalents beginning of period	335	586	586
Cash and cash equivalents end of period	286 815	288	335

- Working capital build up
- NOK 60m relates to acquisition of Dwellop
- NOK 385m in capital contributions

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# An oil service technology investment company

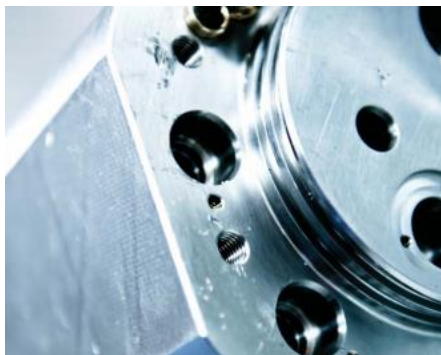


Cash 287m

## Indicator AS

(Badger Explorer)

- Cash burn to minimum while undertaking strategic and technical conclusion



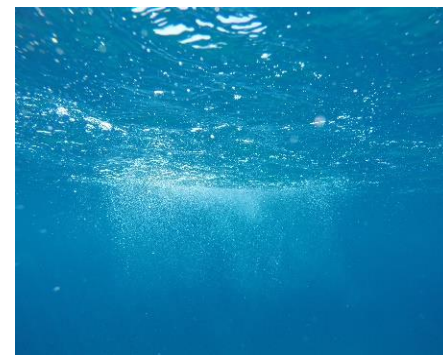
## D/WELLOP

- Acquired in May 2017
- WOR's<sup>1</sup> and well intervention handling equipment
- Focus on simops<sup>2</sup> and cost effective solutions



## Future acquisitions

- Ongoing process to build a larger portfolio



## **Platform for value creation and growth in the oil service space**

- Organic growth and accretive deals
  - Capitalize on changing market dynamics in the industry
  - Future investments to encompass both new and bolt-on acquisitions
- Multiple expansion → from small to large cap
- Targeting next generation oil service companies
  - Enhanced Oil Recovery (“EOR”)
  - Differentiating technologies
  - Competitive cost
  - Focusing on oil companies’ opex territory, rather than capex
  - Target to become a significant player within its market niche



**Investing in innovative technology companies**

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# Objective to become the leading offshore well intervention technology provider

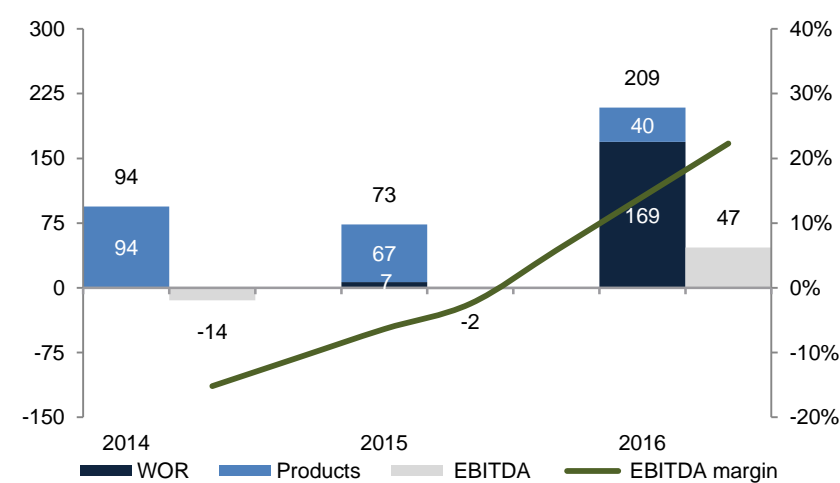
## Work-over rigs (WOR)

- Cantilevered & standalone solutions
- Proven technology
- Generic solution to ensure cost-effective and safe well intervention and P&A<sup>1</sup> operations

## Well intervention systems (WIS)

- Topside handling equipment for coil tubing and wireline operations
- Wide portfolio of recognized and field proven solutions, vetted globally

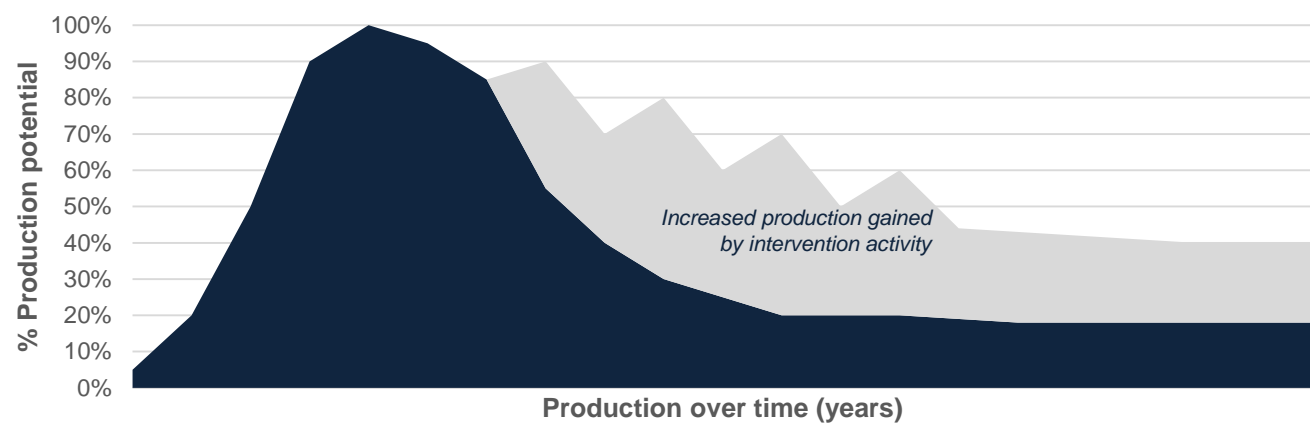
## After market - Rental



Innovative solutions and technology unlocking the full potential of existing wells

1) P&A – Plugging and abandonment

# The rationale for well intervention

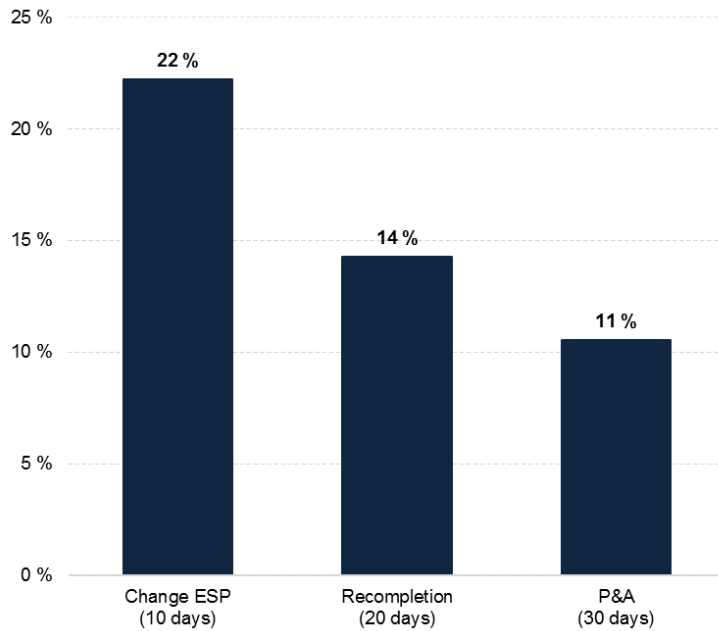


International oil major : ***“Cost per barrel from drilling new wells is 5-10 times more expensive than cost per barrel from well intervention”***

**Increased incremental return on existing offshore infrastructure**

# The work-over rig's value proposition

% time saved only due to faster mob/demob<sup>1</sup>



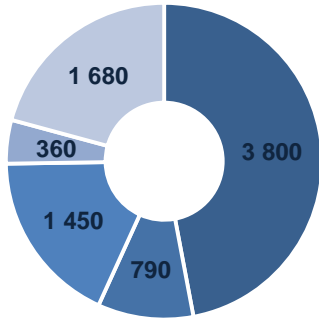
Link to video: <http://www.dwellop.no/work-over-rigs>

In addition to time savings, OPEX for liftboats are lower than for jack ups

**Faster, simpler and more flexible solution**

# Well intervention and P&A market

## Shallow offshore platforms & wells<sup>1</sup>



**8,000** platforms

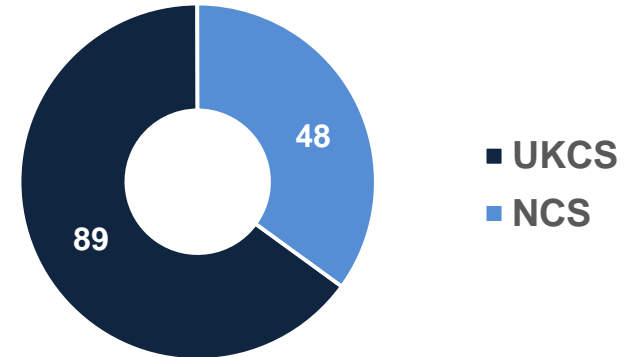
**24** yrs avg age of wells

**3.3** wells per platform

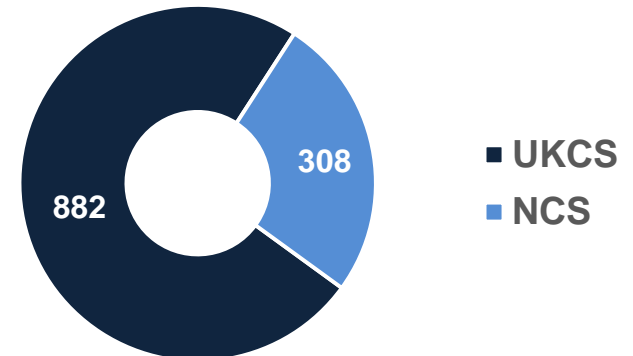
- Saudi Aramco alone has an estimated constant demand for about 15 units<sup>2</sup> to change electrical submersible pumps (ESP)
- Today it exists 20 liftboats able to carry the work-over rig; in addition to 8-10 under construction<sup>3</sup>

## Offshore production well P&A forecasts<sup>4</sup>

### Number of platform wells P&A'ed in 2016



### Forecasted platform wells P&A'ed by 2025



1) Selected regions shallow water platforms (less than 65m water depth) and corresponding data. Source Infield Systems, Maybank and Triyards  
 2) 700 wells, average 16 days incl mob to change an ESP pump with two years lifespan  
 3) GMS and management  
 4) OGUUK Decommissioning Insight Report 2016

# Hunter crane and existing products

- Simops crane for handling of equipment and wireline operations below a cantilever
- Enable three operations at the same time
  - Wireline in one crane
  - Coiled tubing in another
  - Drillpipe through cantilever
- The Hunter crane facilitate for simops → reduction of rigs days



**Powerstand**

Rough design, proper guiding and tubing protection combined with minimum weight, represent valuable profit with respect to rig-up and operation.



**Advanced Tension Frame**

Providing optimum work conditions for coiled tubing operations on floaters such as semi-submersible rigs and drill ships.



**Jacking Frame**

Enabling increased productivity and safety during coiled tubing operations on fixed installations and TLP's by ensuring efficient injector handling.



**Well Intervention Towers**

Enabling safe and efficient coiled tubing and wireline operations on fixed platforms by improving rigging time, access and safety.

**Dwellop's products - *higher efficiency through smarter solutions***

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## Indicator AS (previously Badger Explorer)

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- Strategic review of various Badger technologies
- Badger Tool technology will not be developed in-house, however open to pursue partnership with industrial players
- Consequences of change in strategy is write off of capitalized development cost
- Cash burn adjusted to minimum – full effect from January 2018

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# Outlook

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- Market conditions for oil service remains uncertain supported by high volatility in the oil price
- Uncertainties likely influencing oil companies decision with respect to capital spendings
  - Continued focus on investment in technologies within oil companies “opex territory” increasing return on existing offshore infrastructure
- Growth plan for Dwellop
  - Fuel organic growth by expanding leasing business model
  - Expand after market services
  - Strategic partnership / alliances
  - Accretive bolt-on acquisitions
- Dwellop has implemented new sales strategy to increase marketing activities and to further capitalize on simops solutions
- Ongoing assessment of potential transactions

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# Q&A

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# Hunter Group management team and board of directors

## CEO

### Vegard Urnes

- More than 17 years experience from the oil services industry and M&A / investment banking
- Previously with corporate finance at Goldman Sachs, later at ProCorp and NRP Securities before founding Navis Finance in 2013

## CFO

### Ola Beinnes Fosse

- Eight years experience from the oil service industry, both from the financial and industrial side
- Previously CFO and acting CEO in Rem Offshore ASA (2016-2017), before that credit experience from DNB Markets (2013-2016) and GIEK (2009-2013).

## VP Business Development

### Eirik Bergsvik

- Over 25 years experience from the oil service industry
- Previously CEO of Interwell AS (2011-2016), board member at MHWirth (2014-2017) and CEO of National Oilwell Varco Norway AS (2006-2011)

## Board of Directors

### John Vemmestad - Chairman

- 35 years in senior positions from the oil industry, latest as Managing Director of Talisman Energy in Norway (2005-2014)

### Ingrid Elvira Leisner

- Over 10 years experience as board member in listed companies; currently a board member in Spectrum ASA, Vistin Pharma ASA, TechStep ASA and Maritime and Merchant Bank ASA
- Previously Head of Portfolio Management for Electric Power in Statoil Norge AS

### Ketil Grim Skorstad

- 25 years of capital market experience as advisor and private investor

# Dwellop team

## CEO

### Helge Hustoft

- Over 30 years of industry experience
- Previously senior positions in Statoil and Navion
- Cand Merc., University of Oregon

## Board of Directors

### Eirik Bergsvik - Chairman

- Over 25 years experience from the oil service industry
- Previously CEO of Interwell AS (2011-2016), board member at MHWirth (2014-2017) and CEO of National Oilwell Varco Norway AS (2006-2011)

### Martha Kold Bakkevig

- Broad experience from management, strategy and business development
- Currently a board member in Kongsberg Gruppen ASA, Borregaard ASA, DeepWell AS, Haugaland Kraft AS, Reach Subsea ASA, Incus Investor ASA, Kold Invest AS
- Previously CEO of DeepWell AS (2007-2016)

### Sigmund Prestegård

- Over 30 years of experience from oil & gas industry and banking sector
- The majority of the career from BP in roles spanning finance, planning, offshore operations, and asset management
- Last 5 years as CFO in a start-up company developing Rotary Steerable Drilling technology

# Share information

- HUNT, ticker on Oslo Axess
  - 1,311,580,130 shares outstanding
  - Market cap NOK 354m

30 August 2017			
Name	Holding	%	
SONGA TRADING INC	72 000 001	5,5%	
DYNAMO MANAGEMENT AS*	56 802 583	4,3%	
STOREBRAND VEKST VER JPMORGAN EUROPE LTD,	55 302 998	4,2%	
TIGERSTADEN AS	54 904 655	4,2%	
MP PENSJON PK	51 600 000	3,9%	
MIDDELBORG INVEST AS	51 004 655	3,9%	
SILVERCOIN INDUSTRIE	45 784 590	3,5%	
NORRON SICAV - TARGE SKANDINAVISKA ENSKIL	45 300 000	3,5%	
APOLLO ASSET LIMITED C/O ARNE FREDLY	41 988 525	3,2%	
ARGENTUM FONDSINVEST	32 923 145	2,5%	
VERDIPAPIRFONDET DNB	32 194 364	2,5%	
SKANDINAVISKA ENSKIL SEB - CMU	30 000 000	2,3%	
ALDEN AS	30 000 000	2,3%	
INVESCO PERP EURAN S BNY MELLON SA/NV	21 225 389	1,6%	
LINGTECH AS*	20 614 196	1,6%	
GRUNNFJELLET AS	20 000 000	1,5%	
SKANDINAVISKA ENSKIL	19 965 000	1,5%	
RESONANS INVEST AS*	19 814 196	1,5%	
GEM INVEST AS*	19 214 196	1,5%	
INITI AS*	19 214 196	1,5%	
Top 20 shareholders	739 852 689	56,4%	
Others	571 727 441	43,6%	
Total	1 311 580 130	100,0%	