



Acquiring IKM Subsea & Technology

15 February 2018

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1. The transaction
2. Overview of IKM Subsea & Technology
3. Concluding remarks
4. Appendix

Hunter acquires IKM Subsea & Technology (“IKM S&T”)

- Secure control of a leading subsea company with state-of-the-art ROV services
- Cash flow generating business
- Substantial growth potential through new R-ROV technology reducing costs and improving productivity and safety
- Market conditions are improving – right time in cycle for Hunter
- New industrial partner through IKM Group as large shareholder

IKM Subsea & Technology – key highlights



IKM Subsea & Technology

- An independent subsea technology company and ROV operator
- Established track record and strong market positions
- Technology leadership
- Strong contract backlog



23 ROVs¹⁾
1 R-ROV²⁾



136 full-time employees



NOK 264m
revenues '17

NOK ~950m
backlog

Good fit with Hunter's focus on differentiating technologies at competitive cost and attractive platform for growth and value creation

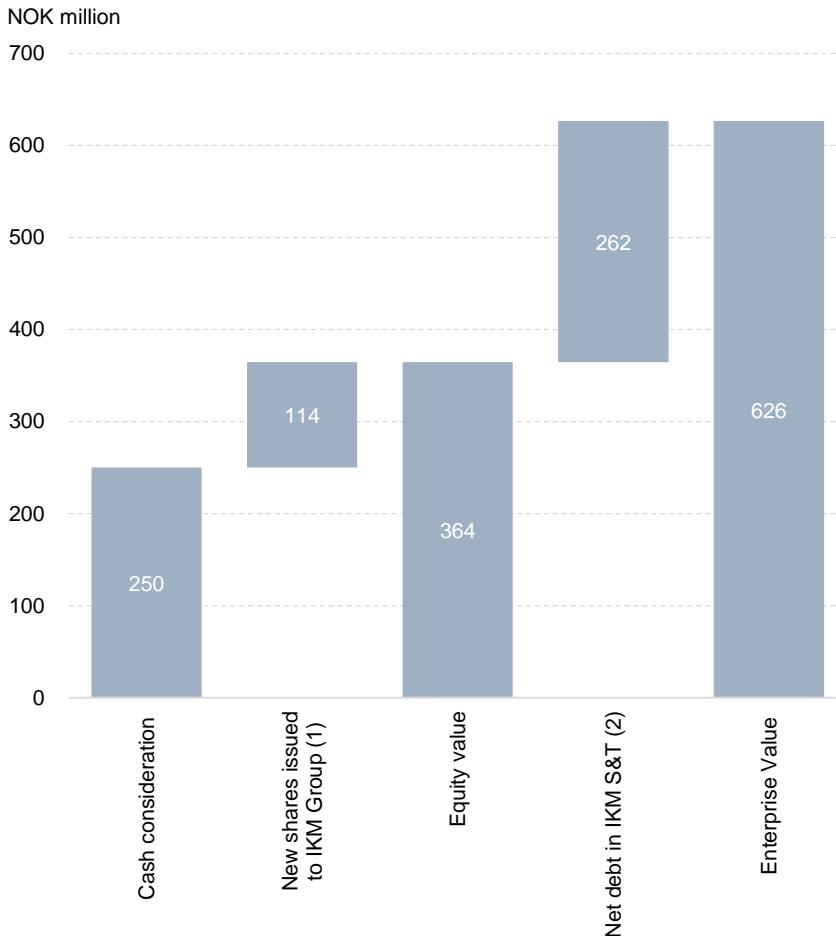
1) Of which 3 are operated from IKM Subsea & Technology's onshore control centre

2) Resident ROV: ROV permanently installed on the seabed, able to remain submerged for 3-6 months without being brought to surface

The transaction

- NOK 250m in cash from existing Hunter cash position and private placement proceeds to settle corresponding intra-group debt in IKM Group
- NOK 114m in new Hunter shares marked-to-market based on the current share price¹⁾
- IKM Subsea & Technology enterprise value of NOK 626m
 - NOK 262m in net debt as per year-end 2017, of which NOK ~260m will be refinanced with a new bank debt facility after the acquisition
- IKM Group will own ~22.4% of Hunter following the private placement¹⁾
 - 24 months lock-up on shares
- Pro-forma consolidated cash and debt for Hunter Group is estimated to be approximately NOK 87m and NOK 277m, respectively, as per Q4 2017 after completion of the acquisition and the private placement¹⁾

Consideration for IKM Subsea & Technology



1) IKM Group will receive 23,901,412 new shares in Hunter and an interest free seller's credit in the amount of NOK 55,455,063 which shall be converted to new shares in Hunter at the same subscription price as in the private placement announced in connection with the acquisition. The value of shares received and ownership position after the private placement is based on Hunter share price of NOK 2.445 per share as per close 14 February 2018 and assuming private placement gross proceeds of NOK 75 million. 2) Net debt as per YE 2017, including adj. for normalised NWC

Why IKM Subsea & Technology?

Technology leadership and growth

- First mover in new ROV technology with several competitive advantages
- Strong growth potential through roll-out R-ROVs and onshore operations – potential for 25-30 R-ROV spreads in the North Sea alone
- Experienced subsea technology team and development of new tools and services

Solid contract backlog

- NOK 950m contract backlog and long term relationships with broad client base
- 10 year contract with Statoil for 4 ROVs operated from IKM S&T's onshore control centre

Attractive financing secured

- Cash flow and backlog profile enabling attractive debt refinancing after the acquisition
- Low break even cash flow ensuring substantial cash generation for Hunter

Recovering market

- Overall market is improving with expected growth in offshore spending from 2018
- Increasing activity in North Sea – IKM S&T's home turf

Strong industrial partner

- IKM Group will become a significant shareholder in Hunter and will focus its future subsea activities through Hunter

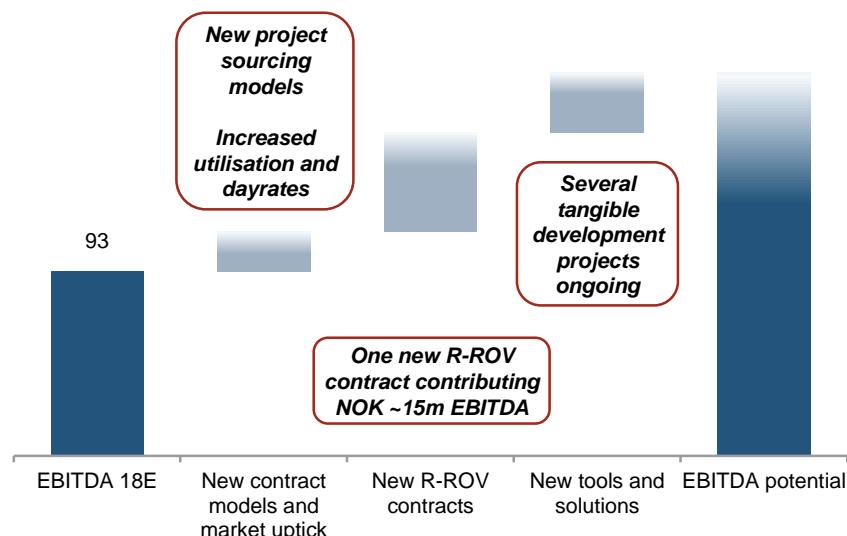
Attractive entry point in Hunter – IKM Subsea & Technology provides additional upside

Hunter valuation before the acquisition

- Market cap of NOK 321m¹⁾
- Net cash position of NOK 264m²⁾
- Gross tax loss carried forward NOK 307m – NOK 70m net²⁾
- Significant upside potential through potential repricing of Dwellop:
 - 70% increase in orders YTD for Dwellop's products and equipment, compared with 2017 YTD
 - Dwellop's board of directors has approved a work-over rig (WOR) contract, however subject to firm contract between the yard and its client
 - Dwellop has also been shortlisted for another WOR project

IKM Subsea & Technology valuation

- Attractive valuation based on EV / EBITDA multiple of 6.7x³⁾ for 2018E given strong contract backlog and significant growth opportunities – key comparables trading at higher multiples



1) Based on 131,158,013 Hunter shares outstanding (before IKM Subsea & Technology acquisition and private placement) and Hunter share price of NOK 2.445 as per close 14 February 2018

2) As of Q4 2017. Net tax loss carried forward based on 23% tax rate

3) Based on IKM Subsea & Technology enterprise value of NOK 626m and EBITDA estimate for 2018

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Introduction to IKM Subsea & Technology

Key facts

IKM Technology



Engineering and development

IKM Subsea



Operations

- Multidisciplinary subsea engineering team with extensive competence and operating experience
- Top 10 ROV operator globally with 24 ROV systems
- Reshaping ROV operations through first R-ROV system permanently installed on the seabed combined with onshore control centre, designed to significantly reduce cost, complexity and improve safety

Global presence

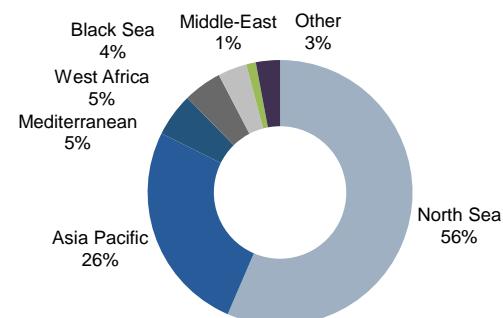


Broad and diversified client base within ROV operations

*Operations for more than
>100 E&P and oil services
companies globally*

*>160 projects
completed since 2010*

Geographical distribution of
projects since 2010:

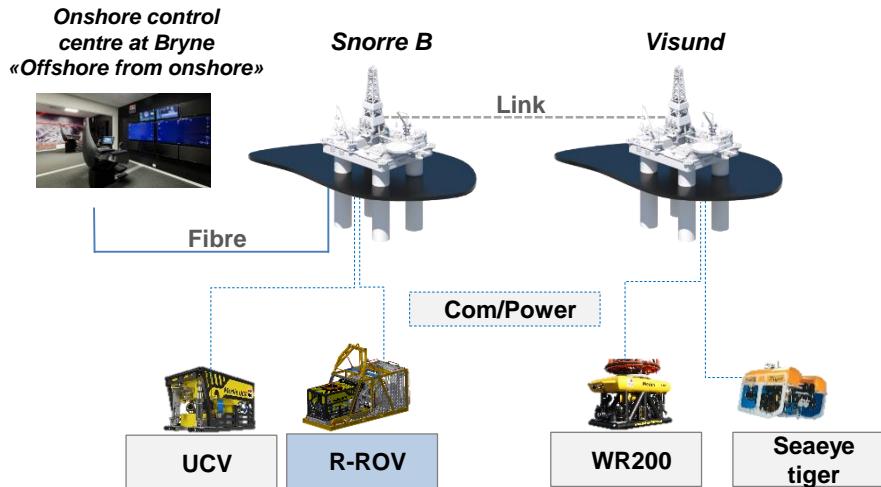


A leading ROV operator with new game-changing technology

Leading ROV operator



Winner of first commercial R-ROV contract with Statoil

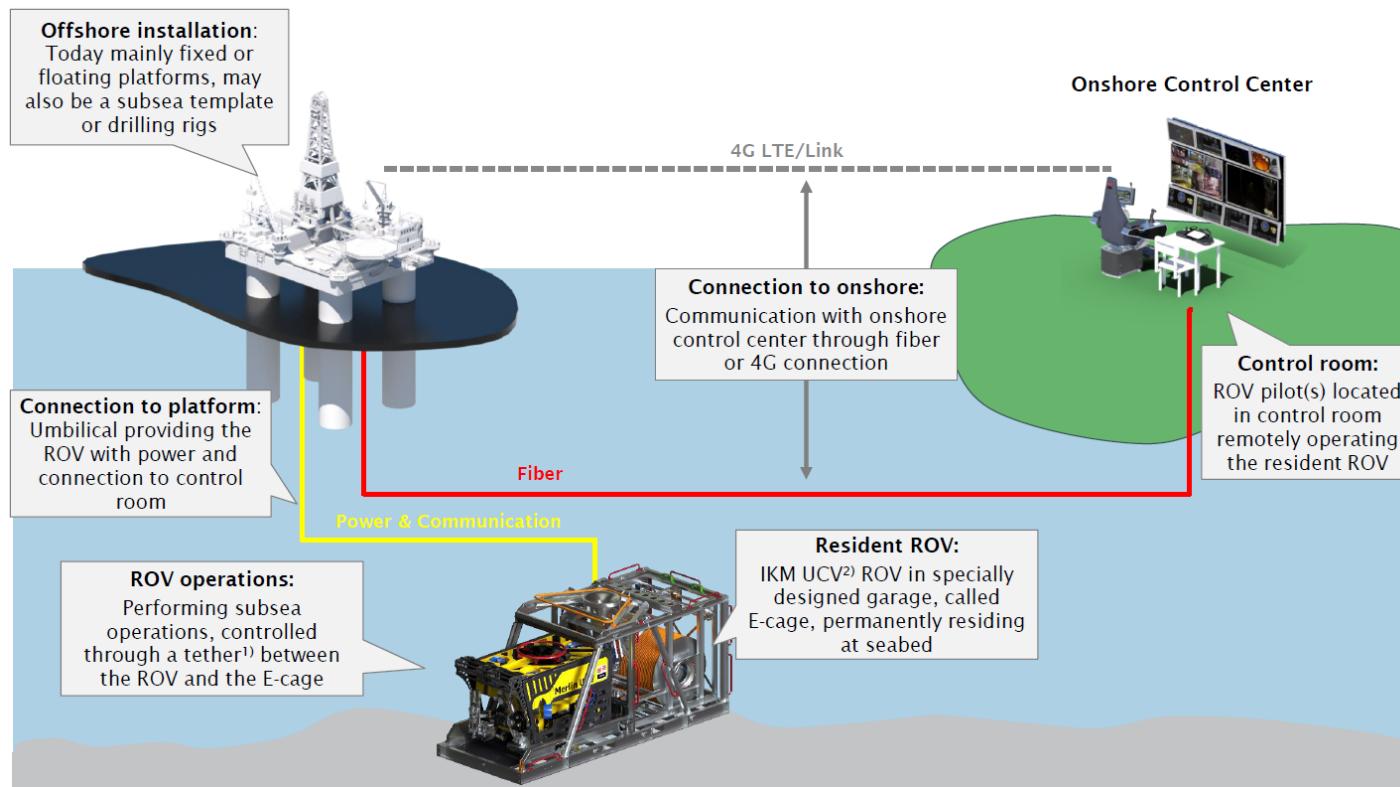


- Modern high specification fleet of 24 work-class ROVs, of which 19 are IKM S&T's own Merlin design¹⁾ – average age of ROVs is below 5 years
- Top 10 player globally and top 3 position in the North Sea, which is one of the largest ROV markets
- First provider and operator of ROVs with fully electrical propulsion, providing higher efficiency and environmental benefits
- Long term contract with Statoil for 4 ROVs which will be operated from the onshore control centre at Bryne
- One in-house developed R-ROV is permanently stationed on the seabed in intervals of up to 3-6 months at the time
- 10 year contract with 3 x 5 years extension options – estimated value of NOK ~0.75bn for the initial 10 years period

1) All 19 units can be rebuilt for onshore operations at an estimated cost from NOK 2.0-4.5m per ROV

The new R-ROV system and onshore control operation is a key differentiator for IKM S&T, greatly reducing costs for operators

Overview of IKM Subsea & Technology's R-ROV and onshore control centre solution



New solution reducing costs and improving productivity and safety – commenced operation for Statoil in January 2018

Source: Illustration courtesy of Arkwright

1) The tether is a cable supplying the ROV with power and providing communication & signal to the ROV

2) UCV= ultra compact vehicle. IKMs ultra-compact work class ROV designed to have the same capabilities as larger work class ROVs

Strong technology offering with broad portfolio of various tools and systems developed by experienced multidisciplinary team

Broad technology offering focused on specialised subsea solutions

ROV Systems



- Electric ROV
- Control system
- Power system
- ROV simulator
- Remote ROV Operation
- Resident ROV
- *E-ROV*
- *High Speed ROV*

Subsea Products



- Connectors
- Compensators
- Cutting tools
- Cleaning tools
- *Subsea Transformers*
- *Subsea actuators*
- *New products*

Life of Field



- Tailor made solutions
- Repair and upgrade of subsea tooling
- Rental
- *Variable Buoyancy ("VBS")*
- Offshore service

Subsea Systems



- Mud Recover System
- Utility pumping
- *Electrical systems*
- *Distribution systems*
- *IWOCS/RWOCS¹*
- *Water treatment*

Internal

Internal & External

External

External

Key highlights

- ✓ Multidisciplinary subsea engineering team
- ✓ Strong ROV and technology development experience
- ✓ Independent technology provider
- ✓ Close relationship with the operational users of the main products

Extensive track record as technology provider for blue chip clients

ExxonMobil

Statoil

ODFJELL WELL SERVICES

NOV Completion & Production Solutions

subsea 7

TechnipFMC

NOI.II
OCEAN
RETAILLER
EST/ OI OII

**GLOBAL
MARITIME**

Schlumberger

SWIRE SEABED

OCEANEERING

I-K-M

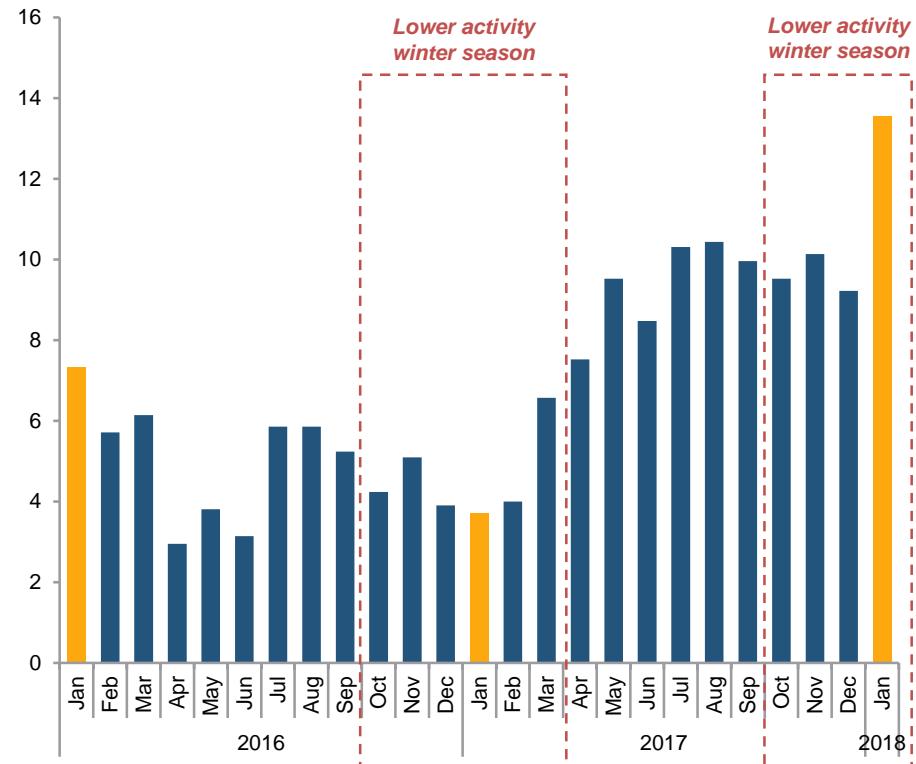
AkerSolutions

SINTEF

Solid contract backlog securing visibility

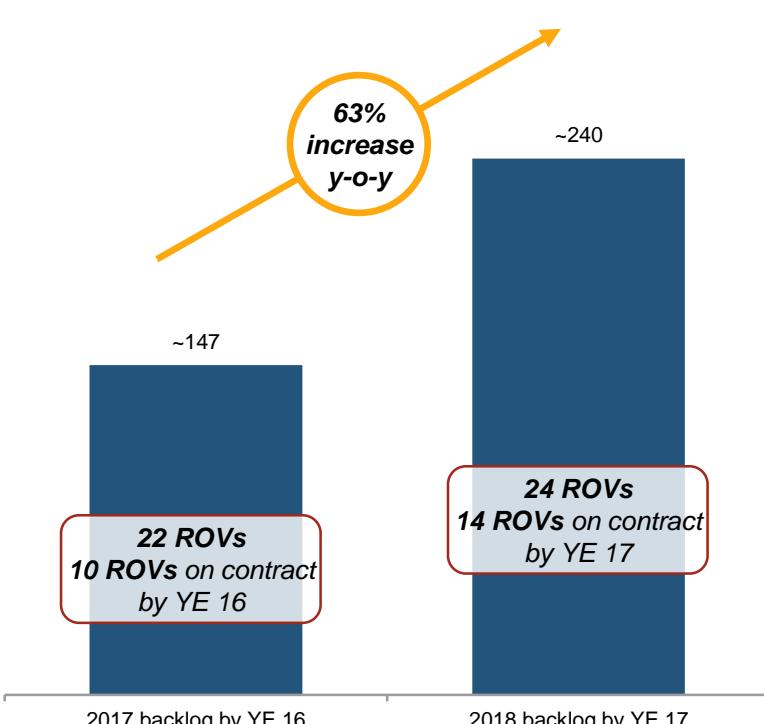
Operational days per ROV development & order backlog

Operation days per ROV in fleet



Significant improvement in utilisation

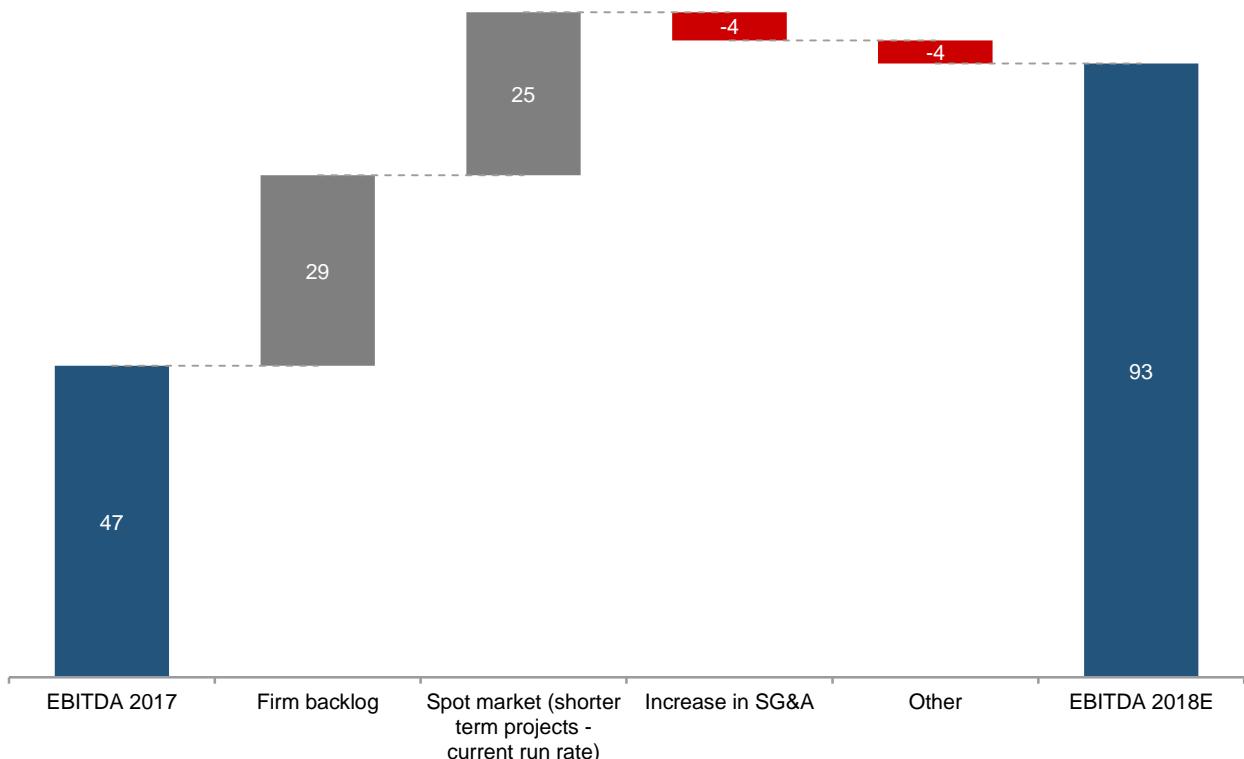
Current backlog for ROV operation (NOKm)



NOK ~950m total backlog, of which NOK 750m to Statoil

Current backlog substantiating 2018 EBITDA estimate

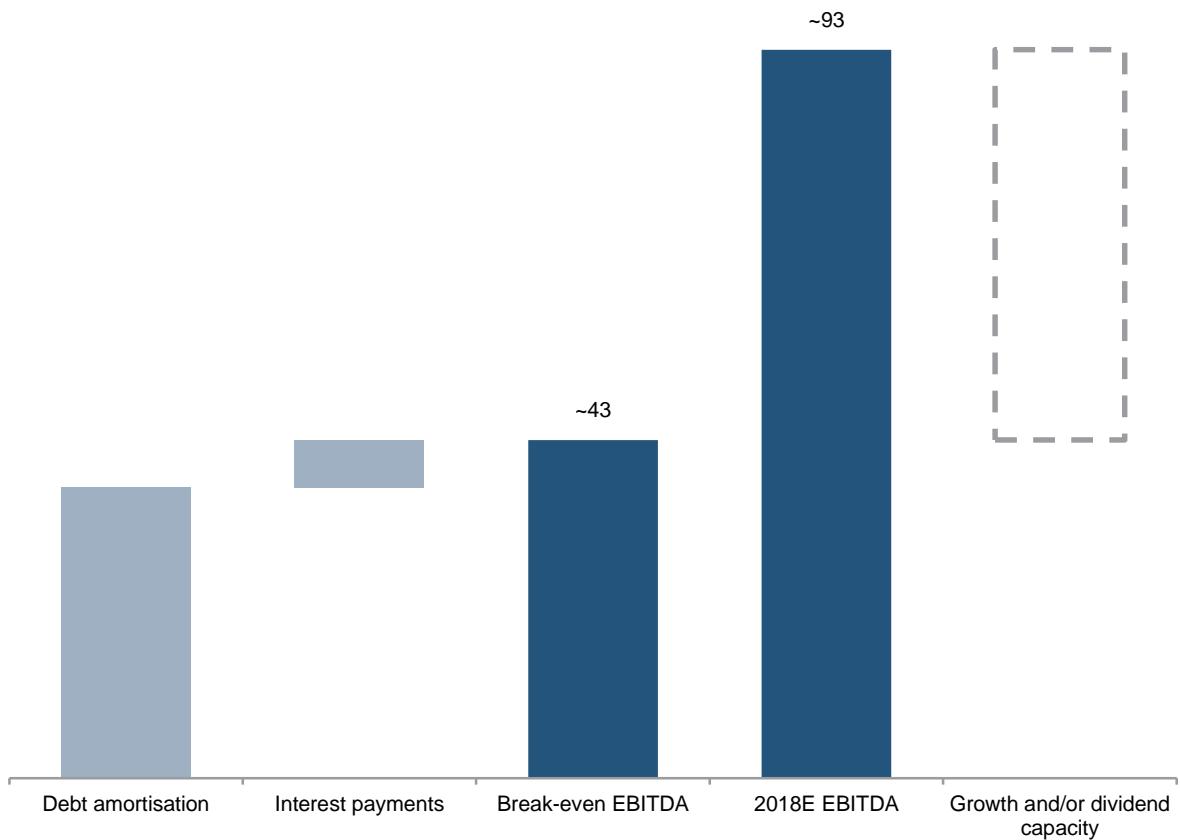
Bridge from 2017 EBITDA to 2018 estimate



- Significant improvement in earnings visibility due to higher contract backlog
 - 14 ROVs on contract, of which 9 ROVs with contracts spanning beyond 2018
- Different contract models, of which some contracts have variable volume
- Strong run-rate into 2018 on shorter-term projects – higher day-rates and increased utilisation in seasonal low winter period in the North Sea

Attractive debt refinancing ensuring substantial cash generation

Estimated cash flow break even level after refinancing



- Hunter has secured a new bank facility to refinance existing IKM S&T debt
- No parent guarantees and favourable covenants
- Significant cash flow generation above estimated breakeven EBITDA of level of around NOK 43m
- Will enable cash flow to finance growth and / or dividend
- Available bank financing will support growth and sound long-term capital structure

The main application areas for IKM S&T are subsea construction and IMR



ROV application area	Survey			Drilling support			Subsea construction			IMR		
	Survey vessel			MODU						Offshore platform		
	Seabed mapping			Platform rig						Subsea structures		
Life-cycle exposure	Exploration	Field dev't	Production	Exploration	Field dev't	Production	Exploration	Field dev't	Production	Exploration	Field dev't	Production
Importance to IKM S&T	—			✓✓✓			✓			✓✓✓		
Market outlook		➡			➡			➡			➡	

R-ROV market expected to comprise >150 R-ROVs over the next 10 years

Drivers and factors impacting R-ROV potential



Reducing offshore headcount



Increase operating weather window



Subsea field and drilling activity



Total ROV market size

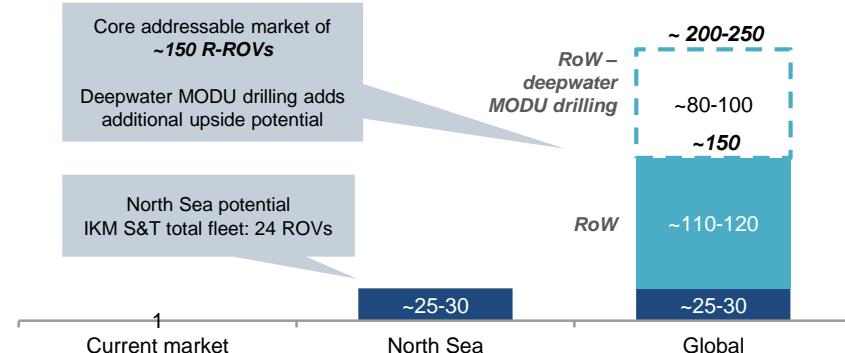


Data connectivity infrastructure

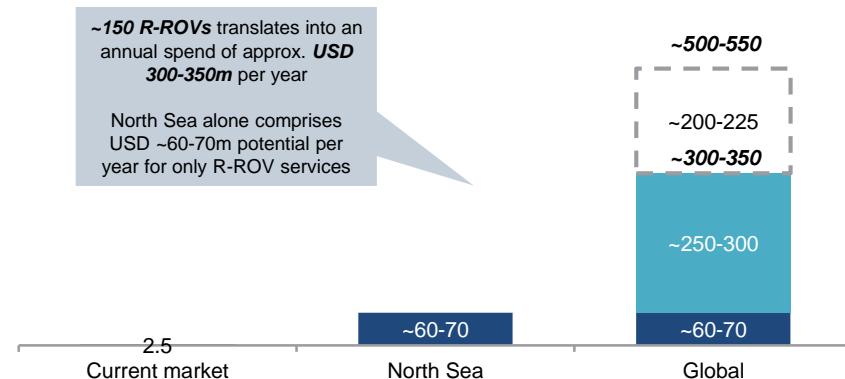


Technology adoption after market downturn

R-ROV demand outlook (Number of ROVs)



R-ROV demand outlook (USDm)



Estimated NOK ~15m in annual EBITDA contribution from one new R-ROV contract

Strong industrial partner and management team with proven track record

IKM Group and Ståle Kyllingstad



- IKM Group is a multidisciplinary oil services group, providing a wide range of engineering and competence driven services and solutions to the oil and gas industry
- ~2,450 employees globally and a budgeted turnover of NOK ~3.1bn in 2017
- Established in 1989 and headed by sole owner Ståle Kyllingstad, a petroleum engineer by background with >30 years of experience from the oil services industry. Since its foundation, IKM Group and Ståle Kyllingstad have acquired more than 50 companies
- Following the transaction, Ståle Kyllingstad will join the Board of Directors of Hunter

Experienced management team in IKM S&T



Managing Director – Subsea Operations Ben Pollard

- Previous positions: Business Director at IKM Subsea, Finance manager at GMC Group
- ~9 years within the IKM Group



Managing Director – Subsea Technology Jostein H. Reinsnos

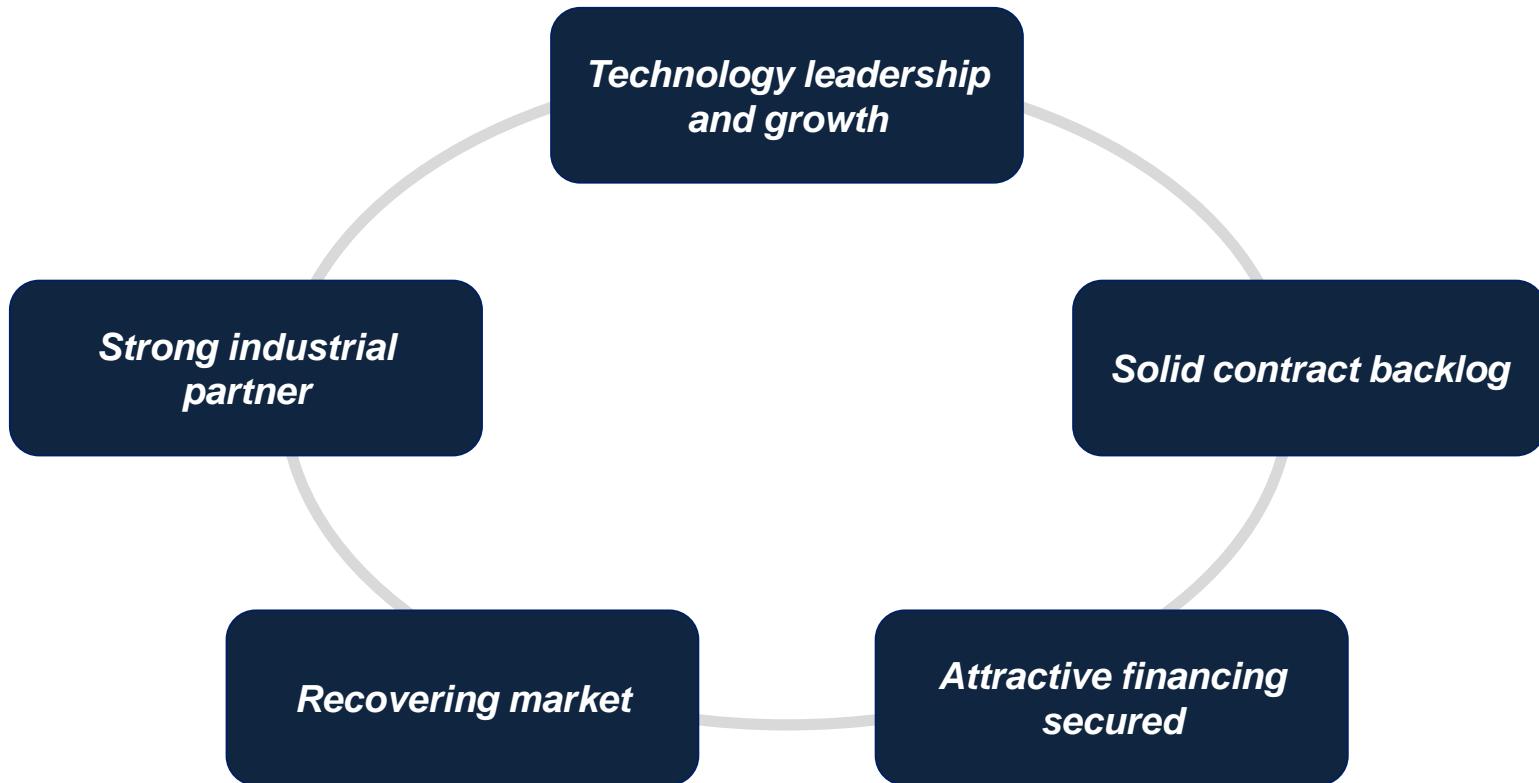
- >30 years experience from various technical and management roles for Siemens, Innova, Halliburton and Oceaneering
- ~ 5 years as MD of IKM Technology

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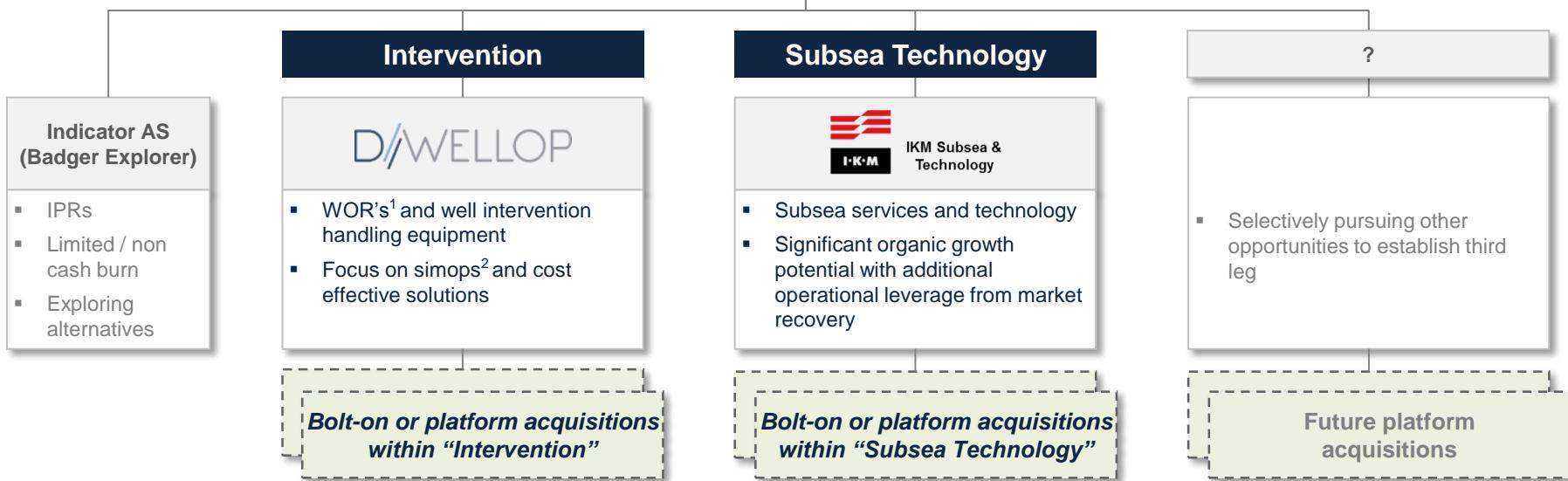
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Why IKM Subsea & Technology?



Securing a new growth platform for Hunter



- 1) Work-over rig is a mobile rig used to perform well repair and production enhancement work in existing wells, and can easily be moved from one location to another
- 2) Simultaneous operations

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IKM Subsea & Technology 2016 and 2017 financials

Pro-forma IKM S&T P&L¹⁾

NOKm	FY16	FY17
Revenue	235.2	264.3
Cost of goods sold	-82.8	-103.7
Gross profit	152.4	160.6
Payroll expenses	-83.3	-91.7
Other operating expenses	-27.9	-21.7
EBITDA	41.2	47.2
<i>EBITDA margin (%)</i>	17.5%	17.9%
Depreciation and amortisation	-61.6	-69.6
EBIT	-20.4	-22.4
<i>EBIT margin (%)</i>	-8.7%	-8.5%

Pro-forma IKM S&T balance sheet¹⁾

Assets	FY17	Equity and liabilities	FY17
Intangible fixed assets	21.6	Equity	371.0
Tangible fixed assets	573.5		
Total non-current assets	595.1	Non-current interest bearing debt	257.1
		Other non-current liabilities	17.0
Inventory	9.1	Total non-current liabilities	274.0
Receivables	113.1		
Cash and cash equivalents	7.2	Payables	52.4
Total current assets	129.4	Public duties owed	9.5
		Other current-liabilities	17.6
		Total current assets	79.5
Total assets	724.5	Total equity and liabilities	724.5

1) Note: Pro-forma consolidation of IKM Subsea Holding AS, IKM Technology AS, IKM Subsea AS, IKM Subsea UK Ltd and IKM Subsea Singapore Pte Ltd after conversion of IKM intragroup debt to equity and before refinancing of lease debt

The new R-ROV system and onshore control operation is a key differentiator for IKM S&T, greatly reducing costs for operators

- The R-ROV offers significant cost savings for operators of fixed platforms due to less personnel offshore, less equipment topside, longer weather windows and associated costs
- The most substantial saving result from reduced need of subsea vessels, which in can have day rates in the range of USD 20-50k/day for the vessel alone
- The onshore control centre allows the R-ROV to be operated 24/7, with pilots on regular 8 hours rotation onshore
- Arkwright has estimated that for a 10-day operation, an R-ROV can offer saving of NOK 4-5m versus a traditional vessel-based operation

Summary of key benefits to clients

Traditional technology

1		<ul style="list-style-type: none">■ Offshore personnel is costly and involves significant HSE challenges <div style="background-color: #f08080; width: 100px; height: 10px; margin-top: 5px;"></div>
2		<ul style="list-style-type: none">■ Expensive offshore transportation <div style="background-color: #f08080; width: 100px; height: 10px; margin-top: 5px;"></div>
3		<ul style="list-style-type: none">■ High logistic related costs throughout the project <div style="background-color: #f08080; width: 100px; height: 10px; margin-top: 5px;"></div>
4		<ul style="list-style-type: none">■ Unnecessary standby time <div style="background-color: #f08080; width: 100px; height: 10px; margin-top: 5px;"></div>
5		<ul style="list-style-type: none">■ High weather dependency <div style="background-color: #f08080; width: 100px; height: 10px; margin-top: 5px;"></div>
6		<ul style="list-style-type: none">■ Limited reaction capability <div style="background-color: #f08080; width: 100px; height: 10px; margin-top: 5px;"></div>

R-ROVs (✓)

Save time	...reduce unnecessary stand by time	<input checked="" type="checkbox"/>
Reduce cost	...reduce personnel, transportation and logistic costs	<input checked="" type="checkbox"/>
Reduce CO2 footprint	...minimize environmental/CO2 footprint	<input checked="" type="checkbox"/>
Minimize HSE risk	...as less offshore personnel is required	<input checked="" type="checkbox"/>
Reduce weather dependency	...as the ROV is located on the seabed	<input checked="" type="checkbox"/>
Improve reaction capability	...through immediate availability of ROV assets onsite, 24/7 – 365	<input checked="" type="checkbox"/>

Hunter Group Q4 2017 – selected P&L and balance items

P&L figures

NOKm	Q4 16	Q4 17	FY 16	FY 17
Revenue	0.0	11.5	0.1	44.0
Cost of goods sold	-0.1	-5.8	-1.6	-20.8
Gross profit	0.0	5.7	-1.5	23.3
Payroll expenses	-1.1	-7.9	-4.1	-27.5
Other operating expenses	-0.9	-7.2	-0.9	-26.5
EBITDA	-2.1	-9.3	-6.5	-30.7
<i>EBITDA margin (%)</i>	<i>neg.</i>	<i>neg.</i>	<i>neg.</i>	<i>neg.</i>
Depreciation and amortisation	0.0	-4.9	-0.1	-80.4
EBIT	-2.1	-14.2	-6.6	-111.1
<i>EBIT margin (%)</i>	<i>neg.</i>	<i>neg.</i>	<i>neg.</i>	<i>neg.</i>

Balance sheet per YE 2017

Assets	FY17	Equity and liabilities	FY17
Intangible fixed assets	95.4	Equity	415.1
Tangible fixed assets	27.9		
Total non-current assets	123.3	Non-current interest bearing debt	11.7
		Total non-current liabilities	11.7
Inventory	20.4		
Receivables	25.9	Payables	8.6
Cash and cash equivalents	279.5	Public duties owed	3.2
Total current assets	325.8	Current interest bearing debt	3.6
		Other current-liabilities	6.9
		Total current assets	22.2
Total assets	449.0	Total equity and liabilities	449.0

Dwellop: Objective to become the leading offshore well intervention technology provider

Products



Basic coiled tubing and wireline products



Tension frames (150-500 tonnes)



Hunter crane

Integrated products



Coiled tubing tower & simops solutions



Modular drilling rigs

Complex integrated systems



Integrated coiled tubing cantilever for lift boat



Cantilever MDU for lift boat and jack-up

Innovative solutions and technology enabling swifter operations and eliminating non-productive operational time → increased ROI for oil cos

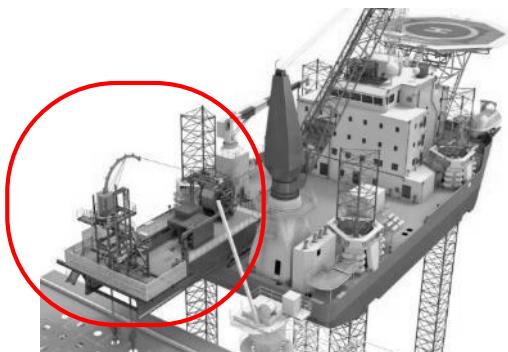
Dwellop: Valuation proposition for selected products and systems

Hunter Crane¹



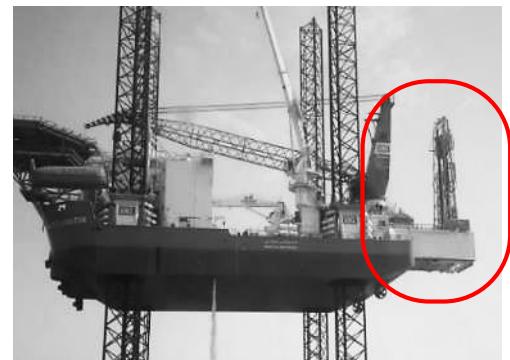
- Simops crane developed to solve efficiency issues related to the shadow well slots on the well head
- Mounted under drilling operations
- Preliminary assessment indicate an efficiency gain of up to 20% related to certain jack up operations²⁾
- Key markets: Global jack-up regions

Well Intervention Cantilever



- Pre-rigged on a cantilever ready for wire line and coil tubing operations
- For smaller size liftboats
- 50% more efficient than current ways of performing well intervention
- Key markets: Middle-East and Asia

Work Over Rig



- Right tool for performing well intervention and P&A operations
- Long cantilever reach: 135 feet for jack-up and 45 feet for lift boats
- Significantly improved operation efficiency, in combination with lower costs for well intervention and P&A
- Key markets: Global jack-up regions