

Message from the President and CEO

Last year, I wrote that environmental, social and governance (ESG) considerations are core premises for our business and investment decisions. The last twelve months put that statement to the test.

The pandemic swept over us at the beginning of the year and sparked economic devastation for businesses and communities alike, leading to the greatest recession since World War II. A microscopic organism held a mirror to many of our societies' problems and brought on a collective wakeup call for decision-makers around the globe. Aker is exposed to industries that have been hit especially hard.

Responding quickly with extraordinary measures

As the virus spread and oil demand and prices plummeted, extraordinary measures were quickly implemented across our portfolio companies. I am deeply impressed with the collaborative efforts to protect our workforce and adapt to a new normal. Management teams regrouped to respond around the clock to one of the gravest disruptions in recent memory and employees put in a tremendous effort to adapt to uncertainty, working from home, social distancing, and isolation. Today, many experts are increasingly raising concerns over the potential long-term impact on mental health – problems that could far outlast the virus – and social awareness and employee wellbeing remains at the top of our managements' and boards' agendas.

For Aker and the portfolio companies, Covid-19 also presented an opportunity to redefine our reason for being and the basis of our distinctiveness. As the pandemic hit, we asked ourselves:

“How can we tap into our 180-year history as industry builders to innovate, be a responsible employer and active owner through a time of crisis, and ensure profitable operations that both secure jobs and create value in a new market reality and outlook?”

ESG investing is gaining momentum

ESG investing has been gaining momentum for years, as climate change and other social shifts are causing a fundamental reallocation of capital. When the virus struck, companies were suddenly faced with an unprecedented intersection of emerging and existing risks: securing jobs and employee wellbeing while simultaneously reeling from a collapse in oil prices and economic uncertainty. All while managing megatrends that require adaptability, resilience and skill to remain relevant in the long-term.



During the summer months, Aker made a step change into renewable energy and green technologies by establishing Aker Horizons and, in parallel, bringing values in Aker Solutions into light by spinning off Aker Offshore Wind and Aker Carbon Capture to Aker and other shareholders. The diversification marked an acceleration of Aker's long-term strategy to diversify the portfolio.

Global capital allocation is shifting towards sustainable industries. Market and industry transitions that might have taken years to happen have instead unfolded in a matter of months. At Aker, we have been building this competency and industrial expertise for a long time. The timing was right for more dedicated capital and resource allocation to these new segments in our portfolio. Renewables and green industries are seeing the opposite trend of oil and gas. Cost of capital is going down, and with plummeting cost levels that rapidly improve competitiveness, investors see huge opportunities for value creation.

Executing Aker's long-term value creation strategy

Despite positive market and public response to the diversification of the portfolio, it does not mean that our strategy is changing to 'turning off brown and turning on green.' Nor is it a race. Rather on the contrary, it is an execution of Aker's long-term ambition to position ourselves in industries where we believe we can create strong shareholder value over time.

At Aker, we like to say that we build on the shoulders of existing capabilities. We transition when the time is right. We have the humans and financial resources needed to seize opportunities. However, the moves made this year would not have been possible without the actions taken by our employees and our external stakeholders, including our business partners and elected officials. The latter supported both activity of vital importance to maintain unique oil and gas competency and capacity and allocated funding to stimulate the ongoing energy transition. The wide, collaborative efforts made it possible for us to turn the year into an opportunity, positioning our portfolio for sustainable growth, creating jobs for the future, and protecting shareholder value.

The underlying results paint the picture: Aker Solutions and Aker BP were hard hit by the pandemic and the oil price collapse, but relentless work to protect jobs and ensure strong operations through volatile times paid off. In the fourth quarter, the

companies' value contribution to Aker increased nearly 79 percent and 50 percent, respectively. Simultaneously, our new renewables investment platform, Aker Horizons, contributed NOK 7.6 billion to Aker's Net Asset Value from its establishment to year-end, and is today Aker's second largest asset. In other words: collaborative efforts both internally and externally, and organic growth combined with M&A continues to be our recipe for creating value to shareholders in all parts of Aker.

Today, Aker is positioned with a diversified portfolio along several global trajectories, including industrial digitalization and renewable energy, but our main assets remain in oil and gas. We believe that for as long as demand for energy is rising, the global population growing, and large parts of the world urbanizing, demand for and consumption of oil and gas will continue for years to come.

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A future-oriented strategy

With Aker BP as the largest asset in our portfolio, our strategy is to ensure that the company is at the forefront of tackling the challenge of bridging continued demand for its product with a world in a climate crisis. Aker BP has a future-oriented strategy that ensure it producing smarter, more efficiently and more sustainably than ever. It is leveraging partnerships and deploying technology to understand how to reduce its industry's footprint. This is largely enabled by its partnership with Cognite. In fact, software technology and digitalization are paramount to the success of the energy transition – both in more sustainable production of oil and gas, as well as in enabling optimal and increasing use of renewable energy sources. In this report you can read more about how we see industrial digitalization as a differentiator and key enabler to accelerate the shift to more sustainable development.

2020 – a year of opportunity and a transformative time to prosper

At the time of writing, many parts of the world are experiencing a resurgence in Covid-19 infections. Global cases have passed 100 million and fatalities are exceeding 2.3 million. While vaccines have introduced a path to recovery, we are still battling an ongoing threat, both to societies and economies. Nonetheless, looking back on 2020, with all its surprises and challenges, I also see a year of opportunities that we could hardly have imagined as we entered the new decade. I am deeply impressed by how Aker's portfolio companies, with employees, business partners and customers, weathered the storms and came together in an unparalleled effort. It has been an effort to keep each other and our families safe, but also an extraordinary endeavour that led to a transformation of the Aker group through the most challenging times in recent memory.

I think we may look back at this time of the pandemic and its widespread repercussions and see that it triggered fundamental changes to our portfolio of industrial activities more swiftly than envisioned and, as a result, created an even more prosperous Aker. It is undoubtedly a transformative time. One in which we are positioning ourselves for the future and unlocking significant value. I hope you find this report useful to learn more about how we are working towards sustainable value creation – both in our existing portfolio as well as in new investments. Environmental, social and governance considerations are no longer just premises for our business and investment decisions – they are the basis for our existence.

*Øyvind Eriksen,
President and CEO*

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