

AGR SELLS ITS PETROLEUM SERVICES DIVISION TO MIRROR BIDCO AS

21 July 2014 AGR Group ASA ("AGR"), - together with PetCo Invest I AS and PetCo Invest II AS as of 19 July 2014 entered into a share purchase agreement for the sale of 100% of the shares in AGR Holdings AS ("**AGR Holdings**") to Mirror Bidco AS, a special purpose acquisition vehicle which is backed by European private equity firm Silverfleet Capital LLP ("Silverfleet") (the "**Transaction**").

The Transaction is expected to complete on or around end of August 2014. As the Transaction will imply a sale of substantially all of AGR's current business operations, the Transaction will also be subject to approval from the general meeting of AGR. The extraordinary general meeting will be held on 18th August 2014.

The purchase price for AGR Holdings is MNOK 1,640, on an enterprise value basis. The purchase price will be adjusted based on AGR Holdings' net debt and net working capital as of the completion date. The net cash effect for AGR Group ASA will be approximately 1,1 billion NOK – or 8.9 kroner per share. This will give the Board a basis to consider a significant dividend payout around November 1st.

Description of AGR Holdings AS

AGR Holdings, together with its subsidiaries (the "**Group**") is the world's largest independent well management group. The Group's main operations are based in Oslo, with other offices around the world, including Stavanger, Straume (Bergen), Trondheim, Aberdeen, Guildford, Houston, Perth, Almaty, Moscow, Dubai and Abu Dhabi.

On a consolidated pro forma basis, after adjustment for the de-merger of AGR Energy and the E&P business (which was completed as of 23/5-2014) AGR Holdings AS generated 2013 Revenues of MNOK 1,382 and EBITDA of MNOK 182.

On the same basis, the equivalent figures for the 12 month period to the last AGR reporting date of 31 March 2014, were Revenues of MNOK 1,431 and EBITDA of MNOK 187. The EBITDA for the 12 month period to 31 March 2014 is stated after deducting a MNOK 19 loss provision in respect of a settlement with Hyperdynamics which related to a dispute, which arose in the UK segment during 2012 and has now been settled.

The Group provides independent oil companies, Majors and NOCS, with comprehensive well management solutions including accessing and managing scarce rig capacity. In addition, the Group provides specialized geology and geophysics and reservoir expertise and distinctive knowledge in well engineering, well planning and management of full drilling operations.

The Group's core competencies are geology, geophysics, petro-physics, reservoir engineering, drilling and well construction, field management and subsea services. The Group is organized around the core business of Well Management, with 5 specialist supporting divisions of Reservoir Management, Facilities Solutions, Consultancy, HSEQ and Training and Software Solutions. The Group delivers reservoir, well management, and integrated field development services, including subsea project management services, to international petroleum companies across the complete asset life cycle – from prospect generation, exploration drilling, field development, and production and field operations to field abandonment. The Group has established itself as a global supplier of rig campaigns, drilling and subsurface consultancy as well as offering bespoke training for the E&P Industry.

The Group provides technology, expertise and services to several of the world's major oil and gas fields, with a customer base comprising several of the largest international oil companies and NOCS as well as a wide range of small and medium sized companies.

The chief executive officer of AGR Holdings is Åge Landro, with Svein Sollund as chief financial officer. The Group constitutes 640 professionals worldwide. The current Board of Directors of AGR Holdings is made up of Åge Landro (chairman), Svein Sollund and Snorre Woll.

Commenting on the Transaction, Åge Landro, CEO of AGR said:

“As the world's leading independent well management group, AGR Holdings has enjoyed a strong market position and growth over the last few years. Being part of AGR has enabled us to grow by 13% annually over the last 5 years and to establish a truly global business to complement our core Norwegian market position. Moving forward, we are very excited to be partnering with Silverfleet Capital, and we are confident that this will in turn enable AGR Holdings to continue its business growth around the world and to deepen its scope of services, whilst providing the highest quality offering to its customers.”

Key Figures

AGR Holdings AS consolidated (Figures in NOK 1 000)

Proforma Profit and Loss Account*	2011	2012	2013
Operating revenue	1 173 715	1 276 829	1 382 356
EBITDA	155 326	133 874	181 674
EBIT	130 928	113 883	166 565
Profit (loss) from continued operations	49 471	56 995	98 132

Balance/liquidity/capital	2011	2012	2013
Equity	129 002	176 023	246 993
Cash and equivalents	62 323	245 756	98 104
Total Capital	2 161 959	1 397 017	1 221 714
Interest-bearing liabilities	944 600	524 557	695 163

2013								
Business areas	Norway incl. Russia	UK incl ME and West Africa	Asia Pacific	Americas	Software	Holdings	Elimin.	Total
Operating revenue	639 988	447 275	129 632	198 196	9 631	23	-42 389	1 382 356
EBITDA	166 168	6 670	6 767	19 510	5 746	-23 187		181 674

2012								
Business areas	Norway incl. Russia	UK incl ME and West Africa	Asia Pacific	Americas	Software	Holdings	Elimin.	Total
Operating revenue	487 742	499 599	125 342	209 391	6 627	-	-51 872	1 276 829
EBITDA	69 161	53 679	3 990	13 951	3 742	-10 649		133 874

2011								
Business areas	Norway incl. Russia	UK incl ME and West Africa	Asia Pacific	Americas	Software	Holdings	Elimin.	Total
Operating revenue	416 829	461 087	113 311	220 593	10 159	515	-48 779	1 173 715
EBITDA	69 041	60 305	3 834	18 946	6 159	-2 959		155 326

*Pro forma figures excluding AGR Energy and E&P business derived from AGR Group's reported figures.

AGR Holdings AS consolidated (Figures in NOK 1 000)

Proforma Profit and Loss Account	31-03-2014	31-03-2013
Operating revenue	362 630	313 748
EBITDA	43 708	38 107
EBIT	40 439	34 202
Profit (loss) from continued operations	11 223	24 802

Balance/liquidity/capital	31-03-2014	31-03-2013
Equity	245 982	193 442
Cash and equivalents	149 617	71 993
Total Capital	1 387 860	1 237 861
Interest-bearing liabilities	698 364	656 000

31-03-2014								
Business areas	Norway incl. Russia	UK incl ME and West Africa	Asia Pacific	Americas	Software	Holdings	Elimin.	Total
Operating revenue	167 956	113 738	33 889	53 960	2 186	2 142	-11 242	362 630
EBITDA	60 944	-25 241	3 223	3 909	411	462	-	43 708

31-03-2013								
Business areas	Norway incl. Russia	UK incl ME and West Africa	Asia Pacific	Americas	Software	Holdings	Elimin.	Total
Operating revenue	141 999	106 488	28 515	42 695	2 328	-	-8 278	313 748
EBITDA	33 390	5 538	-442	3 548	1 389	-5 315	-	38 107

* Q1 2014 includes a NOK 19 million loss provision due to a settlement with Hyperdynamics relating to a dispute which arose in the UK segment in 2012. The case is now settled.

Proforma segment reporting per. 31.3.2014 (Figures in NOK 1.000)

Business segments	Norway incl. Russia	United Kingdom incl ME	Asia Pacific	United States	Software	Holding	Elim	PS Total
Operating revenue, external	165 873	105 392	33 684	53 932	1 607	2 142	-	362 630
Operating revenue, internal	2 083	8 346	205	29	579	-	(11 242)	-
Op. ex. before depr.	(107 012)	(138 979)	(30 666)	(50 052)	(1 775)	(1 680)	11 242	(318 922)
EBITDA	60 944	(25 241)	3 223	3 909	411	462	-	43 708
Depreciation and amortization	(1 340)	(1 334)	(176)	(122)	(152)	(145)	-	(3 269)
Write downs and provisions	-	-	-	-	-	-	-	-
EBIT	59 604	(26 575)	3 047	3 786	259	318	-	40 439
Net financial items	115	(6 979)	(1 859)	(4 110)	(12)	(8 295)	-	(21 141)
Profit before taxes	59 718	(33 554)	1 188	(324)	247	(7 977)	-	19 299
Taxes	(16 721)	6 727	(356)	110	(69)	2 234	-	(8 076)
Profit after taxes	42 997	(26 827)	832	(214)	178	(5 743)	-	11 223

Proforma segment reporting per. 31.3.2013 (Figures in NOK 1.000)

Business segments	Norway incl. Russia	United Kingdom incl ME	Asia Pacific	United States	Software	Holding	Elim PS	PS Total
Operating revenue, external	140 857	100 055	28 182	42 667	1 988	-	-	313 748
Operating revenue, internal	1 142	6 434	334	28	340	-	(8 278)	(0)
Operating expenses	(108 609)	(100 951)	(28 957)	(39 147)	(939)	(5 315)	8 278	(275 640)
EBITDA	33 390	5 538	(442)	3 548	1 389	(5 315)	-	38 107
Depreciation and amortization	(852)	(1 406)	(67)	(1 424)	(109)	(48)	-	(3 905)
Write downs and provisions	-	-	-	-	-	-	-	-
EBIT	32 538	4 132	(509)	2 124	1 280	(5 363)	-	34 202
Net financial items	1 917	8 062	(545)	(2 237)	184	(7 136)	-	245
Profit before taxes	34 455	12 194	(1 054)	(114)	1 464	(12 498)	-	34 447
Taxes	(9 648)	(3 414)	295	32	(410)	3 500	-	(9 645)
Profit after taxes	24 808	8 779	(759)	(82)	1 054	(8 999)	-	24 802

Balance/liquidity/capital**	31.03.2014	31.03.2013
Equity	245 982	193 442
Cash and equivalents	149 617	71 993
Total Capital	1 387 860	1 237 861
Interest-bearing liabilities	698 364	656 000

Implications of the Transaction for AGR

Following completion of the Transaction, AGR, through its subsidiary AGR Petroleum Services Holdings AS, will, in addition to the proceeds from the Transaction and its rights and obligations under the share purchase agreement, hold interests in certain oil and gas exploration and production licences in Israel and 44% of the shares in AGR Energy AS, a company which has applied for oil and gas exploration and production licences in the Republic of Cyprus and participates in a licence in the Republic of Ghana.

Implications for key employees of AGR and AGR Holdings

PetCo Invest I AS and PetCo Invest II AS (together "**PetCo**"), companies owned by certain members of the management of AGR and AGR Holdings pursuant to a co-investment program in AGR, own in total 7% of the outstanding shares in AGR Holdings. PetCo, as sellers in the Transaction, will receive its proportionate share of the purchase price upon completion of the Transaction.

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Alpha Corporate Finance AS and Advokatfirmaet Thommessen AS are acting as advisors for AGR in connection with the Transaction.

Evercore International LLP, Advokatfirmaet Schjødt AS and Travers Smith LLP are advising Silverfleet in connection with the Transaction.

For further information, please contact:

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This information is subject to the disclosure requirements pursuant to Section 5-12 of the Norwegian Securities Trading Act.

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