FINANCIAL REPORT HALF YEAR JUNE 2019

SAFER, SMARTER, GREENER

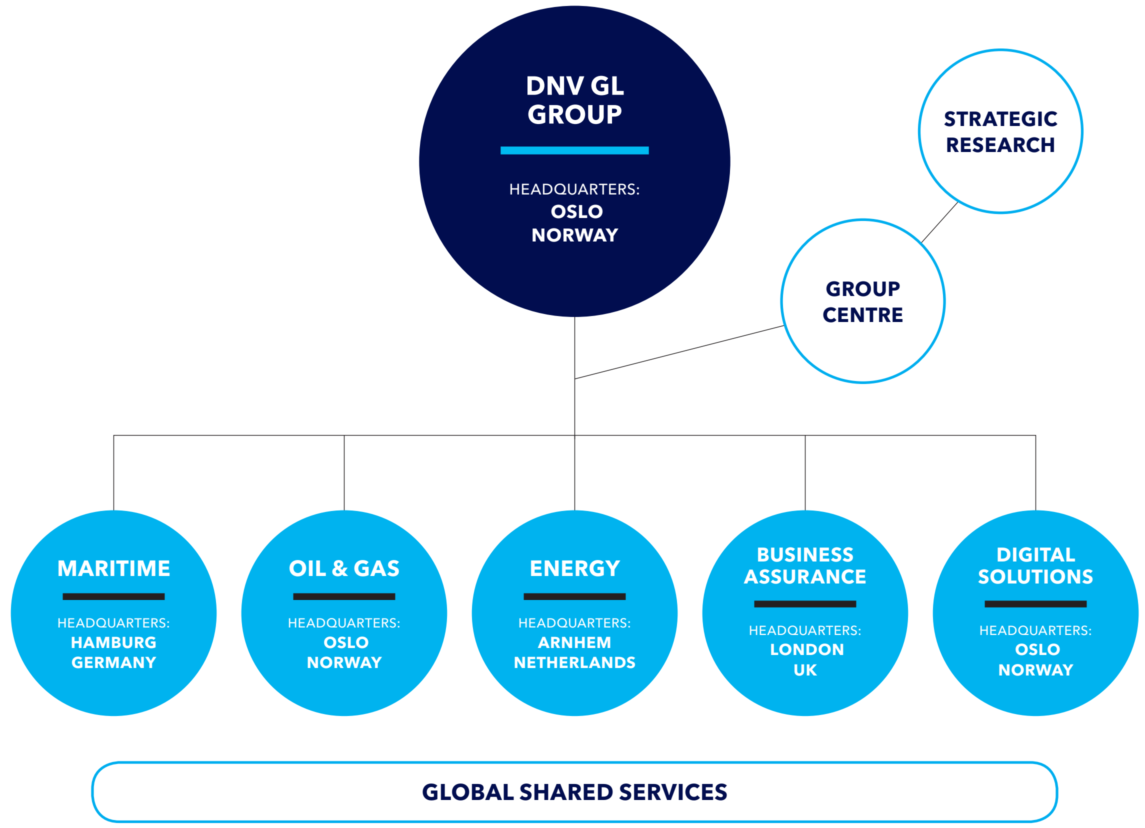
ABOUT DNV GL

DNV GL is a global quality assurance and risk management company. Driven by our purpose of safeguarding life, property and the environment, we enable organizations to advance the safety and sustainability of their business.

Combining technical, digital and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with technological and operational foresight.

With origins stretching back to 1864, and operations in 100 countries, our professionals are dedicated to helping customers make the world safer, smarter and greener.

ORGANIZATION



DNV GL IS ORGANIZED INTO FIVE BUSINESS AREAS:

MARITIME

We help enhance the safety, efficiency and sustainability of our customers in the global shipping industry, covering all vessel types and mobile offshore units.

OIL & GAS

From the drawing board to decommissioning, we provide technical advice and assurance services to enable oil and gas companies to enhance safety, increase reliability and manage costs in projects and operations.

ENERGY

We support our customers across the electric power value chain in ensuring reliable, efficient and sustainable energy supply.

BUSINESS ASSURANCE

We help customers in all industry sectors build sustainable business performance and create stakeholder trust.

DIGITAL SOLUTIONS

We provide software solutions, data platform and cyber security services that support business-critical activities across many industries.

KEY FIGURES

REVENUE (01.01–30.06) MILLION NOK

10,455

2018: 9,735

EBITDA (01.01–30.06) MILLION NOK

1,253

2018: 478

EBITDA MARGIN (30.06)

12%

2018: 4.9%

EBIT / OPERATING PROFIT (01.01–30.06) MILLION NOK

664

2018: 63

EQUITY RATIO (30.06)

52%

2018 58%

NUMBER OF EMPLOYEES (30.06)

12,063

2018: 12,315

LOST TIME ACCIDENT FREQUENCY PER MILLION HOURS WORKED (ROLLING AVERAGE)

0.6

* Note: figures now exclude subcontractors

2018: 1.1

TOTAL SICKNESS ABSENCE RATE (01.01–30.06)

2.3%

2018: 2.3%

PRESIDENT & CEO'S STATEMENT

Photo: Fotograf Sturlason

Half way through 2019 and I am pleased to report that our results continue to reflect the positive trend from the end of last year. Our performance has improved significantly in Maritime, Oil & Gas and Energy. I am proud of the dedication shown by my colleagues across DNV GL to deliver on our strategy and serve our customers.

Our strategic focus on customer centricity, digitalization, agility, and efficiency remains in place. This focus has been central to achieving good results in difficult market conditions.

In our **Maritime** business area, the year-to-date financial performance is strong, growing revenue by 11%. Growth is expected to slow later this year, however, as the newbuilding market remain sluggish.

The modernization of Classification continues, and we see customers finding value in new digital tools and adapting to them faster than anticipated. So far this year, 80% of all ship surveys have been booked using our Smart Survey Booking tool. For our direct access to technical experts (DATE) service we have successfully managed to utilise machine learning, leading to a significant faster response time. Furthermore, we have started to offer remote surveys to our customers, and in just a few months our operational centres around the world have conducted close to 3000 such surveys, with great feedback from our customers.

Business area **Oil & Gas** has a revenue growth of close to 8% and a solid growth in sales. The year-to-date order intake was up 9% compared to the same period in 2018. However, we see a shift from large, projects to less capital-intensive projects with a focus on cost control, standardization and efficiency gains.

> **“IN JANUARY WE SHARED OUR GLOBAL OIL & GAS INDUSTRY OUTLOOK SHOWING THAT INDUSTRY CONFIDENCE IS ON THE RISE. SPENDING HOWEVER, IS LIKELY TO REMAIN IN CHECK. THE REPORT ALSO SHOWED THAT DIGITALIZATION IS THE MAIN R&D PRIORITY FOR THIS INDUSTRY IN 2019.**

Our **Energy** business is seeing improved demand for Energy Management and Renewable Advisory, and in particular for offshore wind projects. Revenue grew by 12%, the best first half year performance in the history of Energy. The year-to-date order intake was up 10% compared to H1 2018. Decarbonization of the world energy system is likely to create further opportunities.

Sales in **Business Assurance** are also growing this year after last year's extra-ordinary growth. Sales are up 9% compared to last year. Revenue for Management System Certification services, however, is lower this year compared to last year's peak performance which was a result of high volume of recertification and transition to new ISO standards.

However, the demand for our assurance services tailored for medical devices and supply chains is increasing. So is the demand for our digital assurance services which tracks products throughout their lifecycle, enhance supply chain transparency and increase trust in the authenticity of consumer products.

In **Digital Solutions** we see a growth of revenue of 13% compared to same period last year. Software sales are up by 30%, and the interest in our software ecosystems is strong, growing revenue by nearly 8%.

Veracity, our open industry data platform, is also growing. We have reached 1.2 million service subscriptions to the nearly 200 available services on the platform. This past year there has been a big push to promote the Developer Community for co-creation and co-innovation with and among our customers and partners, and Veracity now has more than 700 developers registered.

Across **all our business** areas we are taking a fresh look at all the services we offer, challenging business models which have been unchanged for some time. An important enabler for this is embedding a digital mindset in our corporate culture.

Last year, 600 DNV GL leaders completed a Leading Digital Management program co-developed with INSEAD. The program aims to develop a common language and framework for digitalisation, and most importantly, enable leaders to recognize digital innovation opportunities when they arise. During the first half year, 1600 have completed the second and third wave of the program.

In March we opened our new artificial intelligence research facility in Shanghai. This enables us to engage with and benefit from cutting-edge AI technology developments and work with leading Chinese companies to develop advanced services based on AI.

We recently brought forward our plan to become carbon neutral and have offset our emissions in 2018 through projects that also have a positive impact on several of the UN Sustainable Development Goals.

DNV GL's carbon footprint however is relatively small. We have a far greater impact on reducing carbon emissions through the technical expertise we provide to customers. In 2018, DNV GL emitted a total of 65,500 tonnes of CO2 emissions. By contrast, we completed a project for a customer that will reduce their emissions by 360,000 tonnes annually through implementation of an energy management system, five times the amount of emissions from DNV GL operations.

> **“WE ARE CONSTANTLY DEVELOPING THE COMPANY TO STAY RELE-VANT TO CUSTOMERS IN A RAPIDLY CHANGING WORLD AND MAKE IT A GREAT PLACE TO WORK FOR OUR EMPLOYEES.**

However, one thing remains unchanged, and that is our purpose - to safeguard life, property and the environment. Our purpose is becoming ever more relevant and we will continue to deliver on it every day.

Remi Eriksen
Group President & CEO
DNV GL Group

HALF-YEAR PERFORMANCE
GROUP PERFORMANCE

External revenue for the first half of 2019 amounted to NOK 10,455 million, producing an EBITDA of NOK 1,253 million. The nominal growth rate was at 7.4%, of which 2.5% is explained by impact of currency. There are no material effects from M&A activities.

DNV GL Group performance for the first half of the year was strong with organic growth in Maritime, Oil & Gas and Energy after years of market contraction. The growth in revenue was driven by Certification of Material and Components in the Maritime and Offshore segments. This is expected to flatten out in the second half of the year as a result of lower ordering activity for new ships and offshore projects.

The DNV GL Group balance sheet remains solid with a total equity of NOK 15,439 million. Equity was impacted by a negative currency effect of NOK 612 million from net investments in foreign subsidiaries due to a strengthening of the NOK since year-end, and actuarial loss of NOK 248 million from the change in discount rate for the Norwegian and German defined benefit plans. These changes in equity as well as the effect of implementation of IFRS 16 Leases accounting standard effective 1 January 2019, led to a reduction of the equity ratio from 57% year-end 2018 to 52%.

Investment activities in the first half of 2019 included the development of new software solutions and further expansion of the Veracity platform. Investments were also made in common ERP systems as well as in Business Area production software.

There were no M&A transactions in the first half of 2019.

Cash and bank deposits developed positively and amounted to NOK 2,804 million. In addition, DNVGL has a credit facility of NOK 1,000 million.

The management regards DNV GL's financial status as satisfactory, giving the company a robust platform to manage market opportunities and maintain its independence as a financially strong and trusted company.

HALF-YEAR PERFORMANCE
BUSINESS AREAS

MARITIME

High activity levels overall resulted in revenue of NOK 3,779 million giving a growth of 11%.

The growth is expected to flatten out towards the end of the year as CMC activities decline because of the lower ordering volume for ship newbuilds.

After a relative strong development in 2018, the global ship newbuilding ordering remained slow in the first half of 2019 with 16.2 million gross tons contracted year-to-date, a reduction of 38% compared to the same period last year. Orders have so far been dominated by oil tankers, container carriers, bulkers and gas carriers in addition to mobile offshore units. The ship newbuild market is influenced by mounting political and economic risks, including increased tensions with Iran and regulatory uncertainties. These developments have effectively put a stop to speculative ordering for the time being.

Implementation of smart survey booking, remote surveys, reduction of station networks and centralized planning of Ships in Operation are expected to increase efficiency and help to reduce costs.

OIL & GAS

Revenue grew by nearly 8% in the first half of the year, driven by increased activity in Norway and Europe, whilst Asia remained flat and business volume contracted in the Americas.

The Oil & Gas market turned positive in several regions, and the revenue growth in Oil & Gas resulted in external revenue of NOK 2,399 million, a growth rate of 8% compared to last year. We experienced a positive trend for our Risk Advisory services and Noble Denton Marine services, while our third-party verification services also maintained a good performance.

The 12-month sales orderbook is however slightly decreasing and is 6% below the same period last year. This reflects the continuous development from an orderbook being dominated of larger CAPEX projects to a portfolio of OPEX projects.

Oil prices were volatile throughout the first half of the year. Current trade tensions combined with a corresponding uncertainty in the global economy continues to impact the supply and demand balance.

Large-scale LNG developments are suffering from the effects of the ongoing trade war and US Liquefaction projects have been hit by the Chinese blockade on US LNG. As tensions are not expected to ease in the short term, developments based on long term agreements are subject to considerable risk. The import (re-gas) market is less affected, as many of these projects are driven by security of supply, and the investments are less intense.

The average Asia LNG spot price has weakened through the quarter and sits just around 5.5 $ /MMBtu, after a slight recovery in June.

ENERGY

Revenue growth of 12% and improved financial performance was seen in all main service areas.

The external revenue of NOK 1,937 million reflects a good start to 2019, and strong order intake is expected to support a continued growth in the second half of the year, reflecting a growing demand for our Energy Advisory and Renewable advisory services.

Order intake is above target and is expected to support a continued growth in the second half of the year, reflecting a growing demand for our Energy Advisory and Renewable advisory services.

The testing & certification markets continue to suffer from overcapacity. The type certification market is under pressure as OEMs consolidate. The wind power industry is entering a new phase with slower growth and higher pressure on prices as subsidies taper off. That said, offshore wind and project certification opportunities exist in new offshore markets.

Also for our energy services we are influenced by the political uncertainties such as Brexit and new trade policies from the US administration.

BUSINESS ASSURANCE

Revenue in Business Assurance ended at NOK 1,779 million and resulted in a negative growth of -6% compared to last year.

After an extremely strong growth in 2018 with high volume of recertifications and implementation of new versions of several ISO standards, the decline in Business Assurance performance was expected for the management system certification services.

Assurance services are growing steadily at about 10%, whilst there is extraordinary growth in supply chain management services mainly due to social supplier audits, and in Product Assurance driven by the integration of Presafe which was acquired last year.

Sales in services excluding management system certification continue to grow with almost 20% improvement from last year for assurance and training services.

The market interest in new digital assurance services is increasing across regions with high attention to DNV GL's new blockchain-based MyStory solution. DNV GL has also joined the EU initiative to develop blockchain solutions and new global standards.

DIGITAL SOLUTIONS

Digital Solutions grew by 13%, recording revenue of NOK 508 million. Software ecosystems were a major contributor to revenue, growing by 12% this year.

Software sales were 30% higher than this time last year, boosted by sales in software services and licences. The volume of Service Level Agreements, however, have continued to decline as customers transition to cloud services.

Cyber security and data management & analytics services are also slowly expanding. Going forward, the market for software licenses and services should support continued growth in the second half of the year.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

AMOUNTS IN NOK MILLION	NOTE	1 JAN.–30 JUNE[1] 2019	1 JAN.–30 JUNE 2018	1 JAN.–31 DEC. 2018
Total operating revenue	2	10 455.4	9 735.0	19 638.5
OPERATING EXPENSES				
Payroll expenses	3	5 996.3	5 891.0	11 223.9
Other operating expenses		3 206.3	3 366.6	6 442.7
EBITDA		1 252.8	477.5	1 971.9
Depreciation and amortization		588.8	414.4	871.3
Impairment		0.0	0.0	552.0
Operating profit		664.0	63.1	548.7
Net financial income/(expenses)		(121.3)	(111.3)	(272.8)
Profit/(loss) before tax		542.7	(48.2)	275.9
Tax expense		(195.1)	27.0	(159.9)
Profit/(loss) for the period		347.6	(21.2)	116.0
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
Non-controlling interest		6.8	4.1	12.9
Equity holders of the parent		340.7	(25.3)	103.1
Total		347.6	(21.2)	116.0

1) The group implemented IFRS 16 from 01.01.2019 by applying the modified retrospective approach. 2018 has not been restated.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

AMOUNTS IN NOK MILLION	1 JAN.–30 JUNE 2019	1 JAN.–30 JUNE 2018	1 JAN.–31 DEC. 2018
Profit/(loss) for the period	347.6	(21.2)	116.0
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods:			
Actuarial gains/(losses) on defined benefit pension plans	(247.9)	198.8	(21.1)
Other comprehensive income to be reclassified			
to profit or loss in subsequent periods:			
Currency translation differences / Translation differences			
foreign operations	(611.9)	(439.2)	133.4
Other comprehensive income for the period, net of tax	(859.8)	(240.4)	112.9
Total comprehensive income for the period	(512.2)	(261.6)	228.9
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Non-controlling interest	6.8	4.1	12.9
Equity holders of the parent	(519.0)	(265.7)	216.0
Total	(512.2)	(261.6)	228.9

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

AMOUNTS IN NOK MILLION	NOTE	30 JUNE 2019[1]	30 JUNE 2018	31 DEC. 2018
ASSETS				
Intangible assets		12 652.1	12 541.9	12 831.9
Tangible fixed assets		4 705.9	2 418.0	3 176.9
Non-current financial assets	4	1 107.5	1 417.6	1 146.4
Total non-current assets		18 465.5	16 377.6	17 155.1
CURRENT ASSETS				
Trade debtors, work in progress and other receivables		8 573.1	7 907.1	8 361.5
Cash and bank deposits		2 803.8	2 415.7	2 630.6
Total current assets		11 376.9	10 322.7	10 992.0
TOTAL ASSETS		29 842.4	26 700.3	28 147.2
EQUITY AND LIABILITIES				
Share capital and other equity		15 380.1	15 504.8	15 899.2
Non-controlling interest		58.5	35.4	51.7
Total equity		15 438.6	15 540.2	15 950.9
LIABILITIES				
Non-current provisions and obligations	4	5 197.1	3 674.5	3 322.8
Non-current interest bearing loans and borrowings		0.0	300.0	0.0
Non-current loan group companies		2 100.0	1 538.6	2 100.0
Current liabilities		7 106.7	5 647.0	6 773.5
Total liabilities		14 403.8	11 160.1	12 196.3
TOTAL EQUITY AND LIABILITIES		29 842.4	26 700.3	28 147.2

1) The group implemented IFRS 16 from 01.01.2019 by applying the modified retrospective approach. 2018 has not been restated.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

AMOUNTS IN NOK MILLION	1 JAN.–30 JUNE 2019	1 JAN.–30 JUNE 2018	1 JAN.–31 DEC. 2018
CASH FLOW FROM OPERATIONS			
Profit/(loss) before tax	542.7	(48.2)	275.9
Gain on disposal of tangible fixed assets	0.0	0.0	(202.8)
Gain on divestments	0.0	(1.0)	23.7
Gain from change of defined benefit pension plans	0.0	0.0	11.2
Depreciation, amortization and impairment	588.8	414.4	1 423.2
Change in working capital and other accruals	(208.0)	(24.2)	(439.9)
Net cash flow from operations	923.5	341.0	1 091.3
CASH FLOW FROM INVESTMENTS			
Net investments tangible and intangible assets	(217.6)	(333.5)	(377.4)
Acquisitions (business combinations)	0.0	(42.6)	(44.6)
Divestments	0.0	12.2	0.0
Change in other investments	0.0	(15.0)	(3.4)
Net cash flow from investments	(217.6)	(378.9)	(425.4)
CASH FLOW FROM FINANCING ACTIVITIES			
Change in overdraft	0.8	(40.1)	(14.1)
Change in lease liability	(208.4)	0.0	0.0
Dividend paid	0.0	(1 466.0)	(1 900.0)
Change in net position towards participants in the cash pool system	(325.1)	0.0	215.8
Multi-currency revolving credit facility drawn/ (paid)	0.0	300.0	0.0
Net cash flow from financing activities	(532.7)	(1 206.1)	(1 698.3)
Net increase/ (decrease) in cash and bank deposits	173.2	(1 244.0)	(1 032.3)
Liquidity at beginning of period	2 630.6	3 659.7	3 659.7
Cash in acquired companies	0.0	0.0	3.1
Liquidity at end of period	2 803.8	2 415.7	2 630.6

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

AMOUNTS IN NOK MILLION	1 JAN.–30 JUNE 2019	1 JAN.–30 JUNE 2018	1 JAN.–31 DEC. 2018
Equity as at 1 January	15 950.9	18 810.1	18 810.1
Profit for the period	347.6	(21.2)	116.0
Dividend	0.0	(3 000.0)	(4 000.0)
Group contribution	0.0	0.0	(161.3)
Merger difference merger Det Norske Veritas Eiendom AS	0.0	0.0	1 082.2
Actuarial gains/(losses) on defined benefit pension plans	(247.9)	198.8	(21.1)
Currency translation differences	(611.9)	(439.2)	133.4
Other equity changes	(0.2)	(8.4)	(8.5)
Equity as at end of period	15 438.6	15 540.2	15 950.9

NOTES TO THE INTERIM ACCOUNTS FOR THE FIRST SIX MONTHS OF 2019

01 BASIS FOR PREPARATION AND SIGNIFICANT ACCOUNTING PRINCIPLES

The condensed consolidated interim financial statements for DNV GL Group AS for the first six months of 2019, have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's Annual Report 2018. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2018.

The annual consolidated financial statements for DNV GL Group AS have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Regulations on Simplified IFRS as enacted by the Ministry of Finance 3 November 2014. In all material aspects, Norwegian Simplified IFRS requires that the IFRS recognition and measurement criteria (as adopted by the European Union) are complied with, but disclosure and presentation requirements (the notes) follow the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Standards.

The financial statements are presented in Norwegian Kroner (NOK) and all values are rounded to the nearest million (NOK million).

The interim condensed consolidated financial statements for the first six months of 2019 include the parent company DNV GL Group AS and all companies in which the parent company directly or indirectly has controlling interest.

The interim accounts have not been audited.

02 OPERATING REVENUE PER BUSINESS AREA

AMOUNTS IN NOK MILLION	1 JAN.–30 JUNE 2019	1 JAN.–30 JUNE 2018	1 JAN.–31 DEC. 2018
BUSINESS AREA:			
Maritime	3 779.2	3 405.9	6 701.7
Oil & Gas	2 398.7	2 227.9	4 454.7
Energy	1 937.3	1 727.1	3 620.2
Business Assurance	1 778.7	1 884.0	3 645.4
Digital Solutions	508.4	446.5	911.9
Real Estate	4.1	0.0	205.5
Other	48.9	43.6	99.2
Total operating revenue	10 455.4	9 735.0	19 638.5

03 PAYROLL EXPENSES

Payroll expenses 1 January-30 June 2019 include NOK 210 million termination benefit expenses. NOK 169 million temination benefit expenses were included in payroll expenses 1 January-30 June 2018.

04 DEFINED BENEFIT PENSION LIABILITIES

As a consequence of interest rate decrease since year-end 2018, the assumptions for calculation of the defined benefit pension liabilities in Norway and Germany have been changed. Decreased discount rate in Norway from 2.5% to 2.4% (covered bonds) lead to decreased net pension asset of NOK 100 million. Decreased discount rate in Germany from 2.0% to 1.3% (high-value corporate bonds) lead to increased pension liabilities of NOK 352 million. These effects have been reflected in the 2019 half year financial statements.

05 IMPLEMENTATION OF IFRS 16 LEASES

At 1 January 2019, DNV GL Group implemented IFRS 16 applying the modified retrospective approach with no restatement of comparable figures for 2018. A lease liability of NOK 1,977 million and a right-of-use (ROU) asset of NOK 1,880 million was recognized 1 January 2019. The difference between the lease liability and the ROU asset being recognised relates to the derecognition of former onerous contract provisions of NOK 97 million which are now presented as impairment of ROU asset.

Depreciation of ROU asset recognized 30.06.2019 is NOK 207 million while interest on lease liability amounts to NOK 32 million.

EFFECT OF IMPLEMENTING IFRS 16	30.6.2019
Deferred tax asset	11.1
Tangible fixed assets	1 652.6
Total assets	1 663.7
Other equity	(19.8)
Non-current liabilities	1 710.5
Current liabilities	(27.0)
Total equity and liabilities	1 663.7

SAFER, SMARTER, GREENER

HEADQUARTERS:

DNV GL AS
Veritasveien 1
NO-1322 Høvik, Norway
Tel: +47 67 57 99 00
www.dnvgl.com

Design: Fasett