

Aker Solutions Repositions MMO Business in Norway

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Aker Solutions today notified employees in its maintenance, modifications and operations (MMO) unit across Norway of necessary steps to reposition the business and enhance competitiveness in a market with unprecedented challenges.

The company is streamlining the Norwegian MMO business to one regional unit from previously four, affecting management and staff from Tromsø to Stavanger.

Depending on future work levels, as many as 900 permanent positions may be impacted at facilities in Stavanger, Bergen, Kristiansund, Trondheim, Tromsø and Sandnessjøen as well as offshore. The workforce reductions will be made through regular employee turnover, reassignments to other parts of the company and redundancies.

A process to implement about half of the reductions will start immediately. Remaining adjustments will depend on work levels throughout the year. The company has previously reduced capacity in its Norwegian MMO business by about 1,300 permanent and temporary positions since July 2014 to adjust to a market slowdown.

"These measures are painful but necessary to strengthen the competitiveness and longer term potential of our Norwegian MMO business, which has suffered from a sharp drop in activity in Norway's offshore services market," said Luis Araujo, chief executive officer of Aker Solutions.

The more streamlined business will support leaner processes and bolster overall operations. It will build on the company's core strengths in the MMO area, particularly within more complex modifications projects.

"We see significant opportunities ahead in the Norwegian modifications segment, where our experience and know-how are second to none," said Per Harald Kongelf, head of Aker Solutions' Norwegian operations.

There has been a substantial downturn in investments in the Norwegian oil and gas market since 2014. Aker Solutions expects the MMO market in Norway to continue to be challenging in 2016. Work volumes will also be impacted as the company's long-term maintenance and modifications framework agreement with Statoil expires in the first half of this year.

As a result, the company's prefabrication workshop in Sandnessjøen will be temporarily shut down for about three years. MMO operations in Tromsø will also be terminated, though some employees in this strategically

important northern location will likely be kept on as part of the company's Arctic Hub. These employees will join Aker Solutions' Engineering and Front End Spectrum teams.

"Market conditions are challenging, but I am confident that the steps we are taking now to streamline operations, reduce costs and focus on our key strengths will enhance our position in MMO, also internationally, where we have been winning business and expanding in countries including Canada, the UK and Brunei," said Araujo.

Aker Solutions has about 16,000 permanent employees in some 20 countries. About 5,000 employees are in the MMO area, of which approximately 3,600 are in Norway.

Source: Aker Solutions