

HAVYARD GROUP ASA

IR summary Q2 2017 - 21.08.17





Headlines/Milestones Q2 2017

- High order intake with large system deliveries from own companies. Order book has increased with NOK 1,978 million in the quarter.
- EBIT of NOK -14.4 million and EBIT-margin of -5.7 % in second quarter of 2017.
- EBIT of NOK -10.2 million and EBIT-margin of -1.7 % in first half of 2017.
 - 2017 will be, as previously announced, a year of low activity on the shipyard and new contracts signed recently and in the future will to a small extent be completed in 2017. The Group's operating profit first half of 2017 is equal to expectations and the target for 2017 is a positive operating result for the Group.
- New contracts in first Quarter
 - Contract for building of pelagic trawler to France Pélagique including complete Odin's Eye® - Ultra-fast DC grid system from Norwegian Electric Systems AS (expected delivery December 2018).
 - Contract for delivery of the worlds largest live fish carrier to Sølvtrens with design from Havyard Design & Solutions AS and large fish handling equipment from Havyard MMC AS (expected delivery June 2019)
 - Contract for construction of 5 ferries to Fjord1, with design from Havyard Design & Solutions AS and hybrid propulsion systems from Norwegian Electric Systems AS (delivery from Q4 2018 to Q3 2019)





Outlook

- Havyard's strategy is to continue to develop the company as a maritime technology group with unique expertise and products throughout the value chain. Our focus areas are Energy, Fish and Transport, where we have established a strong market position in segments with good activity. In particular, the contracts for design, construction and equipment to five ferries to Fjord 1, show that we are successful in our efforts and the prospects for new contracts are good.
- After restructuring, the organization is more scalable and market-oriented, where we can quickly focus on areas where we are experiencing increasing needs. All business areas balance their activity between internal and external deliveries, where the goal is healthy growth with competitiveness and profitability at all levels.
- Of the group's companies there will be good activity in HPR and MMC FP in 2017, and increasing activity in HDS and NES. For HST, however, it will be low activity in 2017. The order backlog is increasing with profitable activity for the coming years and has good expectations for 2018 and especially 2019.





Outlook - segments

MMC First Process (MMC FP)

There is still high activity in the market for wellboats, but we expect a flat development in demand in the coming years. The merger with First Process has been made to increase our activity within pelagic factories and other areas of fish handling both at sea and onshore. The focus is on improving profitability through efficiency and outsourcing.

Norwegian Electric Systems (NES)

The drop in offshore activity led the company to increase its focus on hybrid-electric propulsion systems. The focus on environment-efficient solutions, especially in transport, results in high demand for such systems. The company has received several orders that will provide good profitability in the long run. The company has got a breakthrough in the ferry, farming and fishing boat segment and is experiencing great interest and success with its new Odin's Eye® DC grid system as well as its battery / hybrid solutions.

Havyard Ship Technology (HST)

It is low activity in 2017, but the order backlog for 2018 and 2019 provides a good foundation for activity and profitability. Repairs and rebuilding will be the main activity in the second half of 2017, until increased activity levels towards the end of the year, as a result of previously signed contracts.

Havyard Design & Solutions (HDS)

Low activity in the first quarter of 2017, but activity will increase significantly due to new orders. HDS is working actively in new segments for delivery of design and equipment packages for both own and external shipyards. The company has sold its first design on ferries after proven commitment to new areas after the downturn in offshore.

Havyard Production (HPR)

There is a great deal of activity in this area with expansion in Denmark and France in 2017. The order backlog has grown significantly and focus is on profitability in addition to ensuring increased competitiveness for the other business areas in Havyard as an important subcontractor.



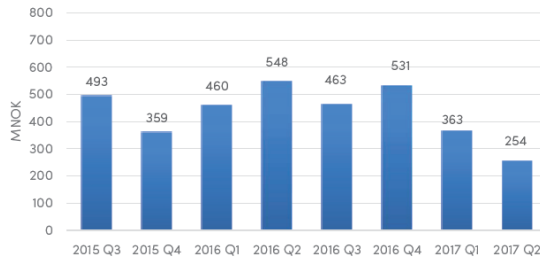


Group Key Figures

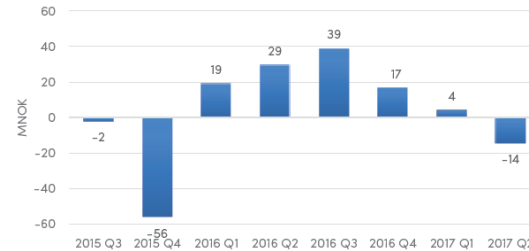
Group Key Figures

	2017 YTD	2016 YTD	2017 Q2	2016 Q2	2016
Operating revenue	618	1 008	254	548	2 003
EBITDA	4	63	-7	38	132
EBIT	-10	48	-14	29	104
EBIT-margin	-1.65 %	4.78 %	-5.68 %	5.38 %	5.17 %
Profit before tax	-10	46	-14	25	-30
Earnings per share	-0,15	1.56	-0.35	0.9	-1.58
NIBD	13	90	13	90	15
Working Capital	148	155	148	155	174

Operating revenue / Driftsinntekter



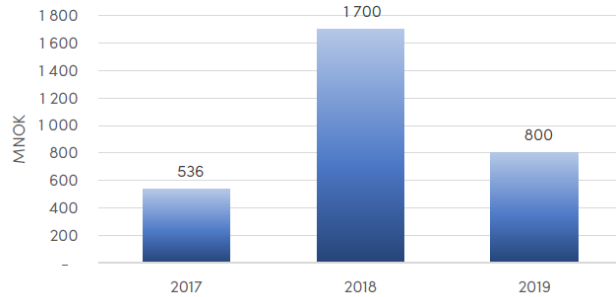
EBIT / Driftsresultat



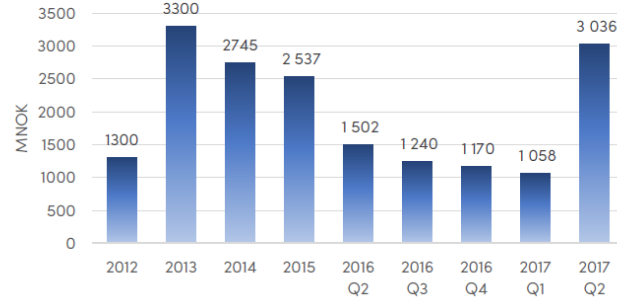


Order backlog

Ordrebok / Order book per 2017 Q2



Ordrebok / Order book



- External order backlog of approx. MNOK 1.058 (Q4 1.170)
 - MNOK 536 in 2017
 - MNOK 1700 in 2018
 - MNOK 800 in 2019





Figures per segment

2017 YTD

(NOK million)

	Ship Technology	Design & Solutions	Power & Systems	MMC	Havyard Production	Other	Havyard Group
Operating revenues, External	239.6	104.6	27.5	181.0	29.0	36.0	617.7
Operating revenues, Internal	1.5	8.3	27.5	22.6	49.3	-109.3	0
Total operating revenue	241.1	112.9	55.0	203.6	78.3	-73,3	617.7
Operating profit /loss EBITDA	-5.6	9.9	-1.7	11.9	-9.3	-1.0	4.1
Depreciation	6.2	1.8	2.2	3.4	0.4	0.2	14.3
Operating profit/(loss) (EBIT)	-11.9	8.1	-3.9	8.5	-9.7	-1,2	-10.2
Net financial items	-1.1	1.6	0.5	-2.3	1.0	-4.5	-4.7
Share of profit/(loss) from as- sociate						4.9	4.9
Profit/(Loss) before tax	-12.9	9.7	-3.5	6.2	-8.7	-0.7	-10.0
Income tax expense	-3.1	2.1	-0.8	1.4	-2.1	-1.4	-4.0
Profit/(Loss)	-9.8	7.6	-2.7	4.9	-6.6	0.6	-6.0





Balance sheet

ASSETS

	2017 Q2 (unaudited / urevidert)	2016 Q2	2016
Non current assets			
Goodwill	103 045	100 527	103 045
Licenses, patents and R&D	93 667	81 693	89 236
Property, plant and equipment	237 946	240 935	234 615
Investment in associates	30 030	71 501	25 084
Loan to associates	23 980	20 305	22 090
Investment in financial assets	15 511	66 245	19 191
Other non current receivable	24 161	63 572	25 613
Total non current assets	528 341	644 779	518 873
Current Assets			
Inventory	122 039	54 236	114 903
Accounts receivables	134 836	108 815	157 296
Other receivables	61 031	76 159	53 919
Construction WIP	92 889	466 533	224 029
Cash and cash equivalents	296 594	236 443	266 057
Total Current Assets	707 389	942 185	816 204
TOTAL ASSETS	1 235 730	1 586 964	1 335 077

EQUITY AND LIABILITIES

	2017 Q2 (unaudited / urevidert)	2016 Q2	2016
Equity			
Share capital	1 239	1 126	1 239
Share premium reserve	22 535	5 463	22 535
Treasury shares	-5	-5	-5
Retained earnings	404 197	479 999	407 921
Non-controlling interest	52 118	57 056	54 502
Total equity	480 083	543 639	486 192
Long term liabilities			
Deferred tax liability	32 556	44 520	36 645
Bond loan	91 207	137 848	103 728
Loans and borrowings, non-curren	69 885	70 104	63 246
Other long-term liabilities	2 418	3 220	3 434
Total long term liabilities	196 066	255 693	207 052
Current liabilities			
Accounts payables	97 579	262 516	121 487
Taxes payable	3 812	1 291	5 919
Public duties payables	25 596	28 444	49 759
Construction loans	0	207 395	149 163
Bond loan (instalments next perio	5 000	8 213	24 640
Loans and borrowings, current	12 406	7 140	6 993
Prepayments in excess of construc	272 670	115 076	116 467
Other current liabilities	142 516	157 558	167 406
Total current liabilities	559 581	787 633	641 833
Total liabilities	755 647	1 043 326	848 886
TOTAL EQUITY AND LIABILITIES	1 235 730	1 586 964	1 335 077

- Net interest bearing debt: MNOK 13
- Working capital: MNOK 148
- Equity ratio: 38,9 %





Cash Flow

Positive CF from operations in Q2:

- Changes in construction WIP
- Prepayments from customers

Negative CF from Investments Q2:

- New minor investments

Negative CF from financing Q2:

- Instalments on debt
31 MNOK instalment paid on Bond loan
- Interest costs

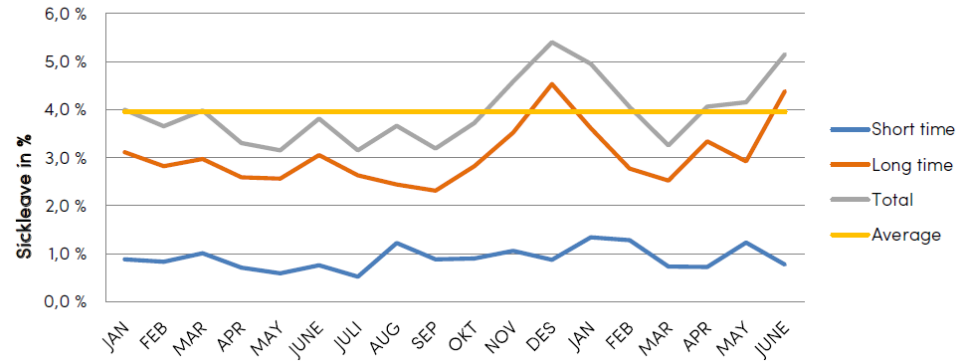
(NOK 1,000)	2017 YTD	2016 YTD	2016
	(unaudited /revident)		
CASH FLOW FROM OPERATIONS			
Profit/(loss) before tax	-9 961	45 828	-30 103
Taxes paid	-2 106	-1 442	-3 173
Depreciation	14 325	14 747	28 425
Net interests	6 045	5 962	8 299
Profit/loss disposals property, plant and equipment	-	-	484
Change in bond loan (amortization)	896	-226	667
Impairment	-	-	77 356
Share of (profit)/loss from associates	-4 946	4 190	50 614
Changes in inventory	-7 136	-4 161	-2 124
Net changes in construction loans	-149 163	120 109	61 676
Changes in accounts receivables/construction WIP	153 600	-257 252	-125 934
Changes in accounts payable	-23 908	105 907	-35 122
Changes in prepayments from customers	156 203	14 292	15 684
Changes in other current receivables/liabilities	-50 926	-3 904	46 607
Net cash flow from/(to) operating activities	82 923	44 049	93 556
CASH FLOW FROM INVESTMENTS			
Investments in property, plant and equipment	-12 347	-2 029	-5 534
Disposal of property, plant and equipment	-	-	2 900
Investment in intangible assets	-9 741	-4 364	-19 143
Investment in/disposal of financial assets	3 617	-3 220	-3 522
Purchase of subsidiaries	-	-	-
Interest income	2 395	2 566	7 750
Changes in long term receivables	-438	-6 056	119
Net cash flow used in investing activities	-16 514	-13 102	-17 431
CASH FLOW FROM FINANCING ACTIVITIES			
New long term debt	11 023	-	-
Repayment long term debt	-36 813	-7 743	-14 388
Cost renegotiation bond loan	-1 643	-2 610	-2 610
Cost conversion of bond loan	-	-	-1 401
Interest costs	-8 440	-8 529	-16 049
Dividends	-	-251	-251
Net cash flow from/ (used in) financing activities	-35 873	-19 133	-34 999
Net change in cash and cash equivalents	30 536	11 814	41 427
Cash and cash equivalents at start of the period	266 057	224 629	224 629
Cash and cash equivalents at end of the period	296 594	236 443	266 057
Restricted bank deposits at the end of the period	128 676	99 774	79 135
Available cash and cash equivalents at the end of period	167 918	136 669	186 922





HSE / QA

SICK LEAVE GROUP 2016 AND 2017 / SYKEFRAVÆR KONSERN 2016 OG 2017



An extensive plan is implemented to reduce injuries and absence including subcontractors

Average sick leave

Last 18 months sick leave on 3.96 %

So far in 2017 sick leave on 4.27 %





HSE / QA

- Strong focus on Quality in the Group
- Quality deviations are measured, documented in action lists and handled effectively
- Internal audits in accordance with ISO 9001 and ISO 14001
- Supplier audits
- Audits from customers

