

HAVYARD GROUP ASA

Presentation Q2 2016 - 29.08.16

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Agenda

- Headlines/ milestones Q2
- Outlook
- Main figures
- Detailed figures
- HES/ QA
- Questions



Headlines/Milestones Q2

- EBIT of NOK 29.5 million and EBIT-margin of 5.4 % in second quarter of 2016.
- Progress on projects in work is on schedule and execution are expected to be satisfying, with good results.
- New contracts
 - Havyard Design & Solutions AS has signed a supply agreement for delivery of design and equipment for construction of a Havyard 832 multi-purpose vessel. The vessel shall be built at Cemre shipyard in Turkey, and the contract value is in excess of NOK 100 million.
- Change in bond loan
 - The groups bond loan (“Havyard Group ASA 14/17 FRN”) was in bond holders meeting 30 June 2016 agreed to be extended with 18 months, until December 2018. Parts of the bond loan is agreed to be converted into shares



Status & Outlook

- We deliver in accordance with our focus areas, which are quality, cost and time, and this, is reflected in the positive economic progress in the group in 2016.
- Guarantee costs are reduced to a normal low level.
- Strong market position in segments with good activity; wind mill service, fish farming, fishing and ice. We are working on several projects in these segments, but decisions takes time.
- For Havyard Ship Technology (the shipyard), the activity in 2017 related to newbuildings will be low. Our expectations for 2018 are on the other hand 3 – 4 deliveries, which we expect to be the standard for the coming years.
- Havyard MMC is expected to have good activity also in 2017, with improved profitability as a result of better project execution and control on technology.
- Despite for a strong marked position we experience increased competition and price pressure. We expect good profitability in projects within the segments mentioned above for delivery in 2016, and we have started processes to increase our competitiveness for deliveries in 2017 and 2018.
- The organization is after the restructuring adjusted for expected future level of activity and with temporary decrease in activity, layoff will be implemented.
- The challenges we see in the marked today are expected to lead to structural changes in the industry.



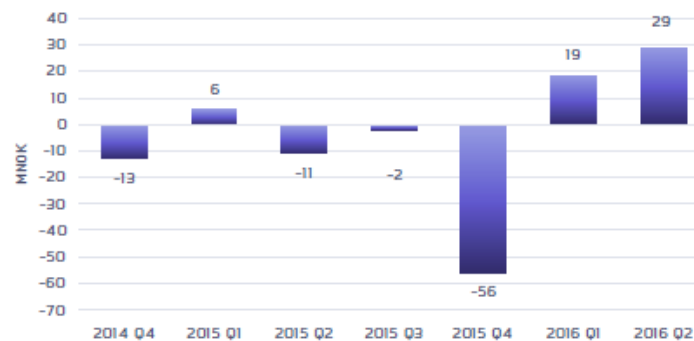
Group Key Figures

	2016 YTD	2015 YTD	2016 Q2	2015 Q2	2015
Operating revenue	1 008	917	548	353	1 768
EBITDA	63	8	38	-4.7	-33
EBIT	48	-5	29	-11.1	-61
EBIT-margin	4.78 %	-0.50 %	5.38 %	-3.14 %	-3.45 %
Profit before tax	46	13	25	-14.1	-132
Earnings per share	1.56	0.64	0.9	-0.53	-4.90
NIBD	90	186	90	186	116
Working Capital	155	188	155	188	124

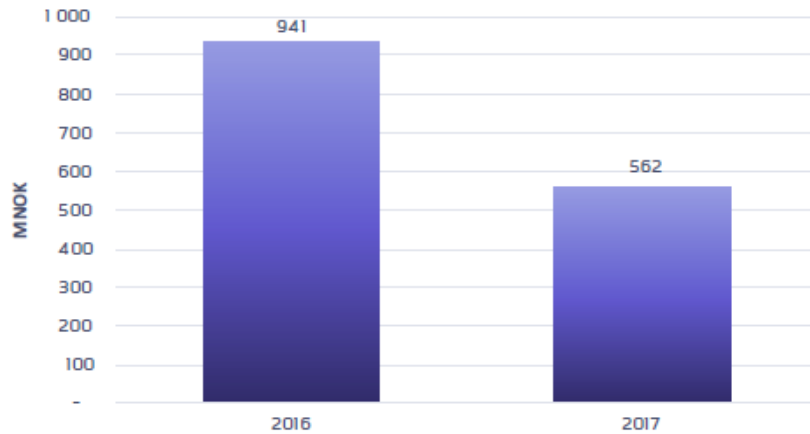
Operating revenue / Driftsinntekter



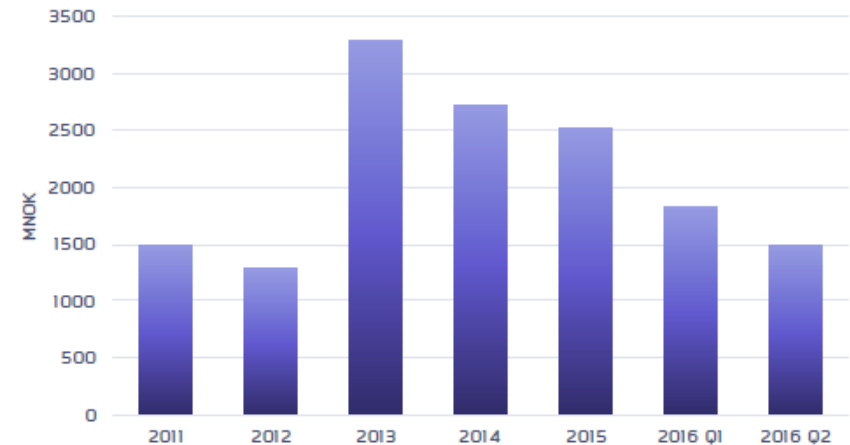
EBIT / Driftsresultat



Group Key Figures (cont.)



Order backlog per 2016 Q2 / Ordrebok pr 2016 Q2



Order backlog / Ordrebok

- External order backlog of approx. MNOK 1.502
 - MNOK 941 in 2016
 - MNOK 562 in 2017

-> increase in external order book for Havyard Design and Solutions. Reduced order book for other segments.



Resultat per segment

2016 YTD

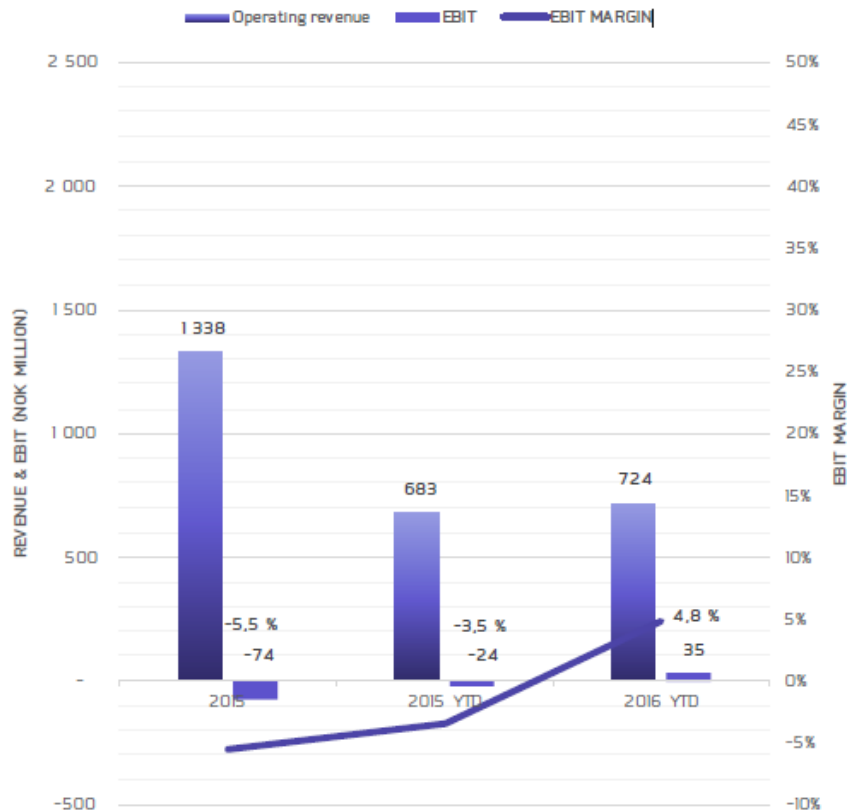
(NOK million)

	Ship Technology	Design & Solutions	Power & Systems	MMC	Other	Havyard Group
Operating revenues, External	728 695	101 001	36 586	141 693	60	1 008 034
Operating revenues, Internal	9 572	21 130	22 884	20 995	-74 580	0
Total operating revenue	738 267	122 131	59 471	162 687	-74 521	1 008 034
Operating profit /loss EBITDA	42 033	7 342	1 976	9 123	2 419	62 893
Depreciation	7 092	1 756	2 546	2 948	405	14 747
Operating profit/(loss) (EBIT)	34 941	5 586	-570	6 174	2 015	48 146
Net financial items	-7 488	4 267	1 518	-1 886	5 461	1 871
Share of profit/(loss) from as- sociate	0	0	0	0	-4 190	-4 190
Profit/(Loss) before tax	27 453	9 853	948	4 288	3 286	45 828

- Positive EBIT in all segments except Power & Systems



- Ship Technology



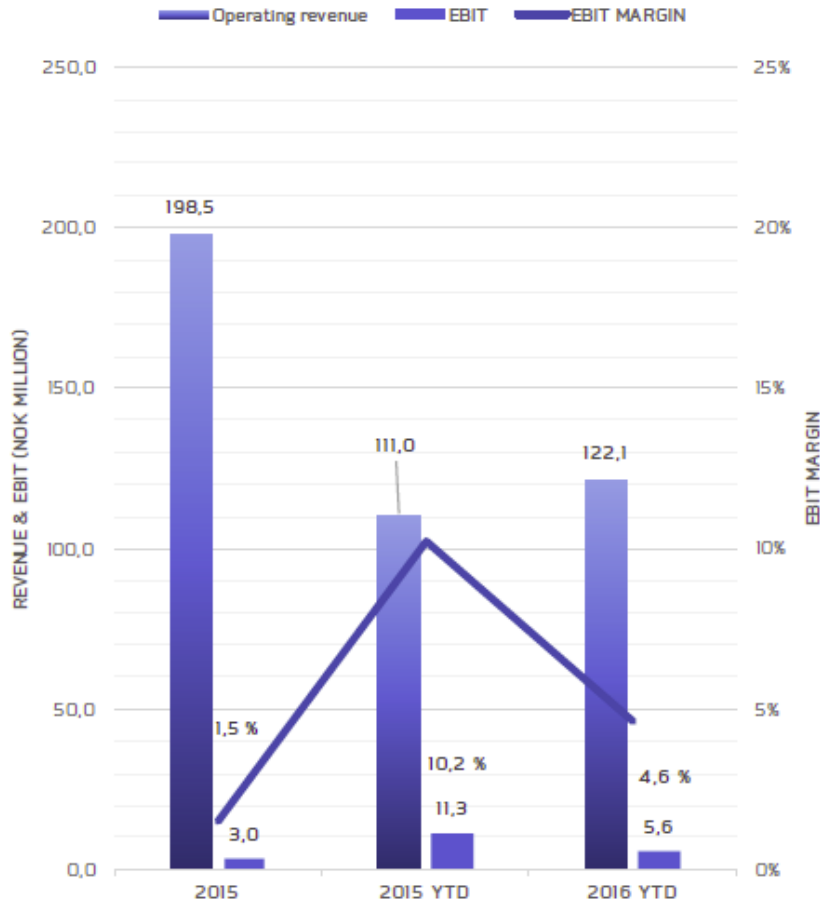
- Outfitting Leirvik during 2016
 - 832 SOV windmill service, NB 125
 - 843 ICE Icebreaker AHTS, NB 128
 - 843 ICE Icebreaker AHTS, NB 129

- Better result on ongoing projects.
- Negative trend from 2015 reversed.

- Order backlog of MNOK 935
 - 1 PSV, 1 SOV, 2 AHTS ICE, 1 live fish carrier



- Design & Solutions

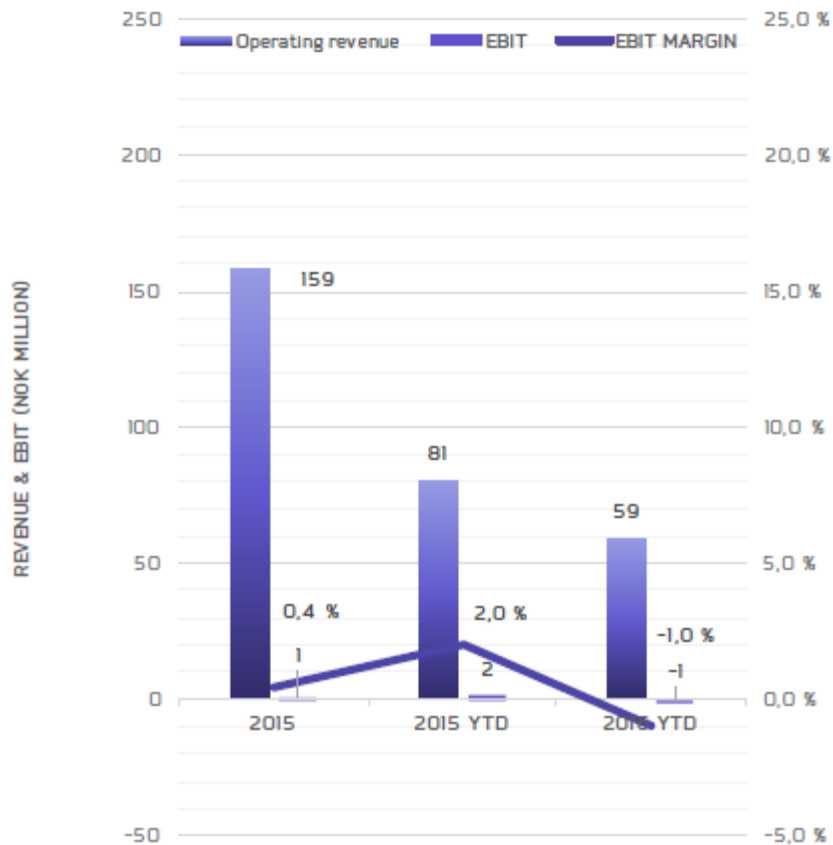


- Lower capacity utilization reduces margins in second quarter 2016 compared with second quarter 2015
- Order backlog of MNOK 331
 - External: MNOK 327
 - Internal: MNOK 4,3

Havyard Power & Systems (HPS) are now under the Havyard Design & Solution segment. HPS where earlier reported under the Power and Systems segment. Comparable numbers are adjusted for the change in segments.



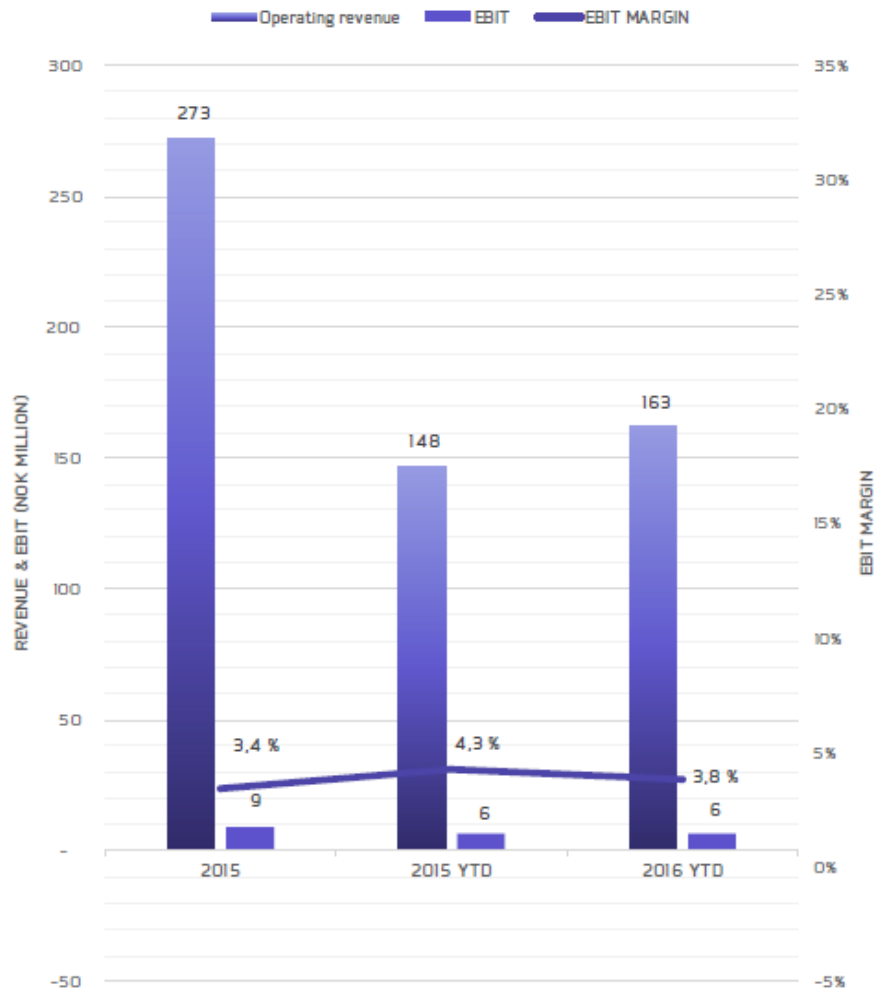
- NES Power & Systems



- Lower activity and margins (2015 YTD are from February 1st)
- Order backlog of NOK 31 million
 - External: NOK 11 million
 - Internal: NOK 20,4 million



- MMC



- Increased operating revenue and EBIT in first half of 2016, compared to first half 2015.
- Order backlog of NOK 289 million
 - External: NOK 229 million
 - Internal: NOK 60 million



BALANCE SHEET Q2.2016

	2016 Q2 (unaudited)	2015 Q2	2015
ASSETS			
Non current assets			
Goodwill	100 527	60 094	100 527
Licenses, patents and R&D	81 693	67 218	78 529
Property, plant and equipment	240 935	257 680	252 454
Investment in associates	71 501	79 145	75 691
Loan to associates	20 305	16 788	18 673
Investment in financial assets	66 245	159 921	63 025
Other non current receivable	63 572	70 460	59 148
Total non current assets	644 779	711 306	648 047
Current Assets			
Inventory	54 236	52 759	50 075
Accounts receivables	108 815	136 261	84 717
Other receivables	76 159	96 962	101 280
Construction WIP in excess of prepayments	466 533	597 918	233 379
Cash and cash equivalents	236 443	168 317	224 629
Total Current Assets	942 185	1 052 217	694 079
TOTAL ASSETS	1 586 964	1 763 523	1 342 127

EQUITY AND LIABILITIES	2016 Q2 (unaudited)	2015 Q2 (unaudited)	2015
Equity			
Share capital	1 126	1 126	1 126
Share premium reserve	5 463	5 462	5 463
Treasury shares	-5	-7	-5
Retained earnings	479 999	587 998	444 759
Non-controlling interest	57 056	24 188	57 622
Total equity	543 639	618 768	508 965
Long term liabilities			
Deferred tax liability	44 520	56 592	33 536
Bond loan	137 848	147 836	148 898
Loans and borrowings, non-current	70 104	74 528	76 036
Other long-term liabilities	3 220	1 497	5 031
Total long term liabilities	255 693	280 453	263 501
Current liabilities			
Accounts payables	262 516	137 984	156 609
Taxes payable	1 291	3 428	2 734
Public duties payables	28 444	39 342	52 413
Construction loans	207 395	370 247	87 286
Bond loan (instalments next period)	8 213		
Loans and borrowings, current	7 140	40 727	20 673
Prepayments in excess of construction WIP	115 076	149 559	100 784
Other current liabilities	157 558	123 015	149 162
Total current liabilities	787 633	864 302	569 661
Total liabilities	1 043 326	1 144 755	833 162
TOTAL EQUITY AND LIABILITIES	1 586 964	1 763 523	1 342 127

- Minor changes in non current assets
 - Minor equity issue
 - Result in associates
- Change in current assets and current liabilities because of increased activity on ship yard per 30.06.16 compared to 31.12.15.

- Net interest bearing debt: MNOK 90
- Working capital: MNOK 155
- Equity ratio: 34 %



CASH FLOW

(NOK 1000)	2016 YTD (Unaudited)	2015 YTD	2015
CASH FLOW FROM OPERATIONS			
Profit/(loss) before tax	45 828	13 628	-132 304
Taxes paid	-1 442	-1 807	-1 807
Depreciation	14 747	12 735	27 933
Net interest income	5 962	948	7 547
Change in bond loan (amortization)	-2 836	895	1 957
Impairment	-	-	77 015
Share of (profit)/loss from associates	4 190	-25 532	-27 005
Changes in inventory	-4 161	-7 214	-4 118
Net changes in construction loans	120 109	-104 566	-428 254
Changes in accounts receivables/construction WIP	-257 252	64 200	468 128
Changes in accounts payable	105 907	-37 350	-29 743
Changes in prepayments from customers	14 292	90 839	45 920
Changes in other current receivables/liabilities	-3 904	-58 285	1 369
Net cash flow from/(to) operating activities	41 439	-51 509	6 637
CASH FLOW FROM INVESTMENTS			
Investments in property, plant and equipment	-2 029	-18 140	-7 332
Investment in intangible assets	-4 364	-	-19 915
Investment in/disposal of financial assets	-3 220	12 150	12 042
Purchase of subsidiaries	-	-18 270	-18 270
Interest income	2 566	7 217	9 439
Dividends received	-	-	-
Changes in long term receivables	-6 056	-3 603	5 823
Net cash flow used in investing activities	-13 102	-20 646	-18 214
CASH FLOW FROM FINANCING ACTIVITIES			
New long term debt	-	15 099	27 577
Repayment long term debt	-7 743	-3 734	-10 275
Interest costs	-8 529	-8 165	-16 986
Purchase/sale of treasury shares	-	-	410
Dividends	-251	-10 073	-11 866
Net cash flow from/ (used in) financing activities	-16 523	-5 978	-11 140
Net change in cash and cash equivalents	11 814	-78 133	-22 717
Cash and cash equivalents at start of the period	224 629	194 562	194 563
Cash and cash equivalents from purchase of subsidiaries	-	52 783	52 783
Cash and cash equivalents at end of the period	236 443	169 212	224 629
Restricted bank deposits at the end of the period	99 774	89 471	94 540
Available cash and cash equivalents at the end of the period	136 669	79 741	130 089

Positive CF from operations in Q2:

- Positive result
- Accruals related to projects

Negative CF from Investments Q2:

- Changes in long term receivables
- New minor investments

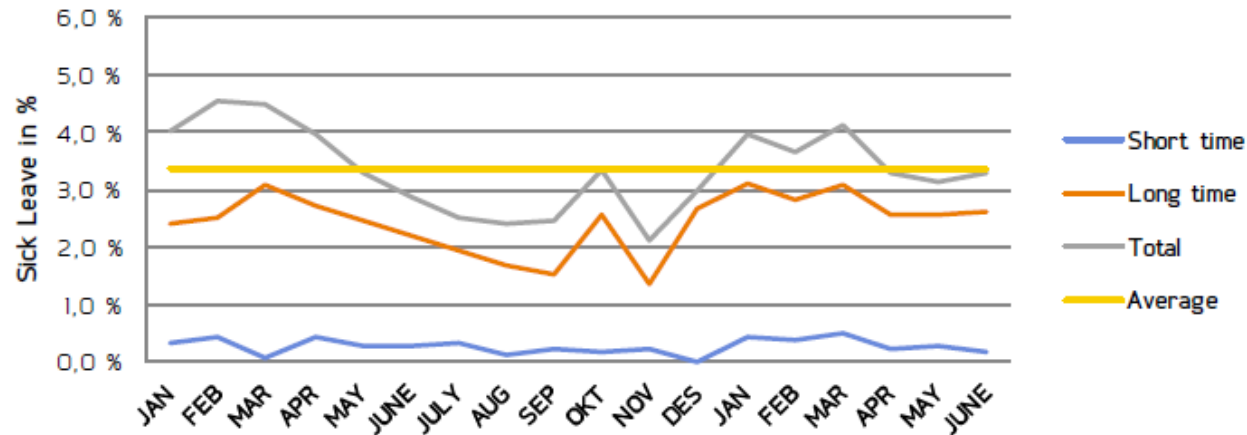
Negative CF from financing Q2:

- Instalments on debt
- Interest costs



HES/ QA

SICK LEAVE GROUP 2015 AND 2016 / SYKEFRAVÆR KONSERN 2015 OG 2016



- Sick leave gradually reduced last years
 - An extensive plan is implemented to reduce injuries and absence, and it includes subcontractors
- Average sick leave
 - Last 18 months sick leave on 3.36 %
 - So far in 2016 sick leave on 3.59 %



HES/ QA

- Quality

- 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

