

HAVYARD

Havyard Group ASA

Transaction announcement

May 20th, 2022





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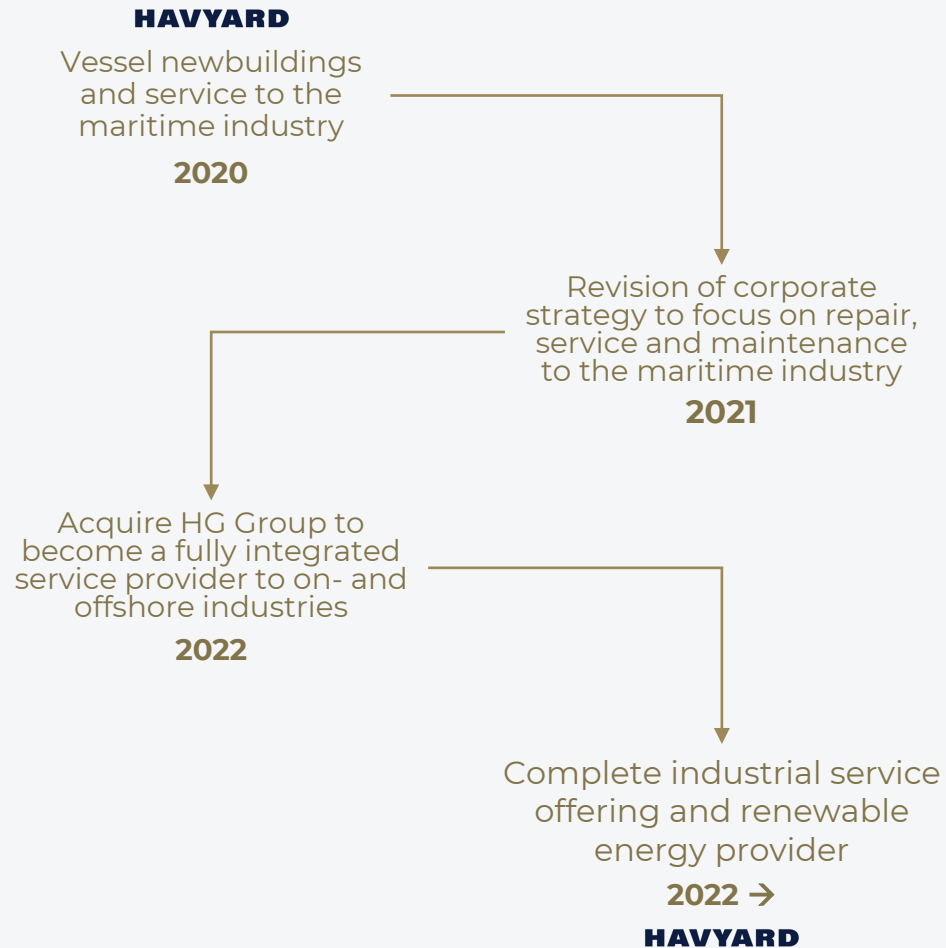
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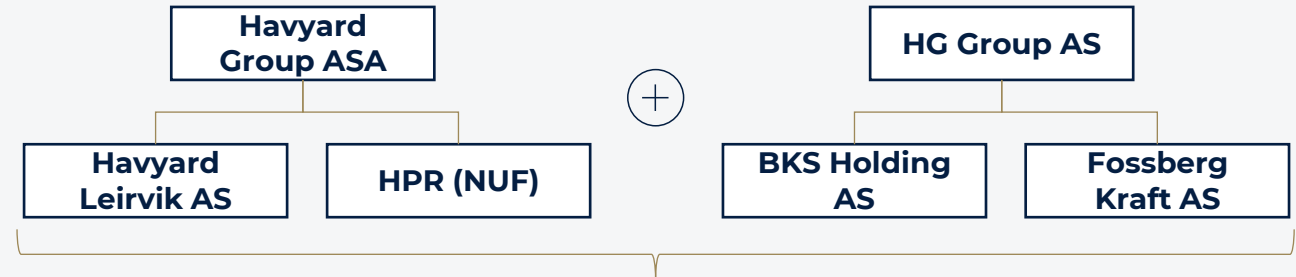
Combining two leading industrial companies

Becoming a fully integrated service provider to Norwegian industries

Transition to becoming New Havyard



Existing company structure



New company structure



Summary of transaction between Havyard & HG Group

Transaction price of NOK 5.19/share in Havyard, plus Havyard shareholders to receive 0.4 HAV Group shares per Havyard share they own

Transaction summary

- Havyard Group ASA has entered into a business combination agreement where Havyard will acquire HG Group AS for an aggregate purchase price of NOK 285 million
- Prior to completion of the transaction, Havyard will distribute 10 million shares in HAV Group as a dividend to its shareholders, corresponding to approx. 0.4 HAV Group shares per Havyard share
- The purchase price will be settled in the form of
 - Issuance of 47,2 million shares of the Company at a subscription price of NOK 5.19.
 - A seller credit of NOK 25 million
 - A cash amount of NOK 15 million
- Based on the subscription price of NOK 5.19, the transaction values the existing business of Havyard to NOK 129 million, post the distribution of 10 million HAV Group shares

Numbers & calculations

Valuation (NOKm)	Shares	Price	Value
Havyard	24.78	5.19	128.6
HG Group shares in HY at 5.19	47.21	5.19	245.0
Seller's credit			25.0
Cash			15.0
SUM HG			285.0

Shareholders	Position	% Ownership
HG Group shareholders	47,206,166	65.6%
Havyard shareholders	24,781,150	34.4%
Sum shares	71,987,316	100.0%
Share price	5.19	

Combined offering in brief

A diversified industrial offering with two main segments

Offering examples

Key client examples

1
Maritime services
(HLE/BKS)



Aquaculture

- Conversions, service and classification of vessels, as well as service and development of land-based facilities



Green power

- Conversion and hybridization of vessels to enable the greens shift



Maritime assets

- Base-work on vessels and rigs at offshore-bases in the immediate area
- Service and production of parts and systems for the process industry in the immediate area
- Service and repair, extensions, and 24/7-365 emergency dockings



2
Products, solutions & renewables
(BKS/Fossberg)



Renewable energy

- Build and operate small hydro power plants
- Upgrades existing small hydro power plants



Solutions

- Production lines/processes, complete pipeline systems, tank systems incl. engineering, power and automation



Process

- Supplier of complete solutions for all kind of processes i.e. water treatment, filtration, scrubber systems



Why invest in Havyard ?



Long-term strategy and ambitions

Our strategy will enable steady growth in the coming years

Broad revenue streams

Secured revenue across cycles

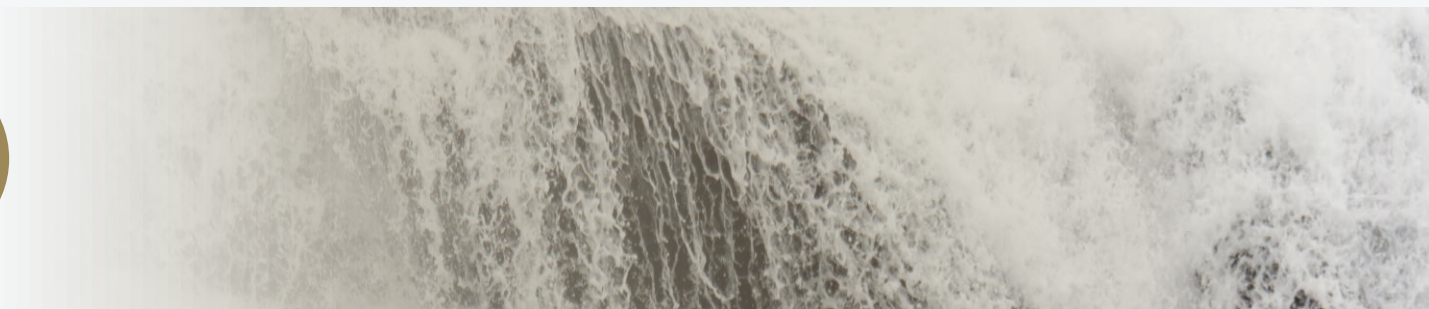
1



Key macro drivers

Strong outlook for organic growth from a broad industrial coverage

2



Opportunistic M&A

Strategic action-plan towards further growth in key industry and service sectors

3



Experienced management

Backed by a seasoned board



Erik Høyvik
CEO Havyard Group

15+ years of experience in maritime- and land-based industries



Eirik Sævareid
CFO Havyard Group

15+ years of experience from executive finance positions in large industrial companies



Tore Thorkildsen
CEO BKS Group

35+ years of experience in maritime- and land-based industries

22 years of experience as CEO



Tor Leif Mongstad
CEO Havyard Leirvik

25+ years diversified experience in the maritime industry



Tom Jensen
CEO Fossberg Kraft

30 years of leadership experience with primary focus on production and procurement



Even Matre Ellingsen
Chairman

Former Group CEO in Astrup Fearnley. Extensive board experience from both regulated and non-regulated businesses.



Vegard Sævik
Board member

Employed in Havila Holding and holds several board positions and is Chairman of the Board in Fjord1



Rune Skarveland
Board member

CEO Skarveland AS from '97-'08 and held several board positions in property development, industrial and hydro power companies



Ellen Hanetho
Board member

20+ years of financial & strategic business development experience from HydrogenPro, MPC Energy Solutions and Goldman Sachs



TBN
Board member

Two additional board members to be selected at next EGF

Over 120 Years

Industry experience from management

Strong knowledge

Among BoD to execute on growth ambitions

Havyard Leirvik at a glance

Shipyard - maritime service provider with attractive location



Company highlights

- Renewed and improved strategy with less market volatility
- Strategic shift to focus on maintenance and service with attractive location close to important industries in Norway
- Broad offering to secure revenue streams from a variety of projects
- 70 employees covering different disciplines

Fully integrated service provider to the maritime industry

220-meter quay

Built-in dry dock

70 FTE's

Broad backgrounds

Offering include;

- Extensions
- Conversion/ Hybridization
- Classification
- Repairs and inspections

3-6 projects

Running at once

Strategic location close to main vessel routes

- At the far end of Sognefjorden in Leirvik
- 2-hour drive to industry hub Bergen
- Easy access to airport



Selected customer base

ESVAGT

TORGHATTEN

FRØY

Fjord1

NORLED

W

SÖLVTRANS

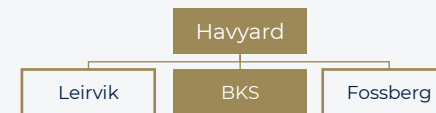
Bontveit Rederi AS

HAVILA

miljøfisk
BULANDET

BKS at a glance

Full-service supplier of technical installations to a wide range of industrial clients



A full-service supplier of technical installations



BKS



BKS is a full-service supplier for technical installations, meaning presence throughout the entire value-chain from idea to installation



~370 employees spread across 5 companies



HQ in Sunde, Kvinnherad



Most projects are uniquely customized to the client's needs and require significant experience and technical capabilities



Typical "project" cash flow profile spread throughout the project stages



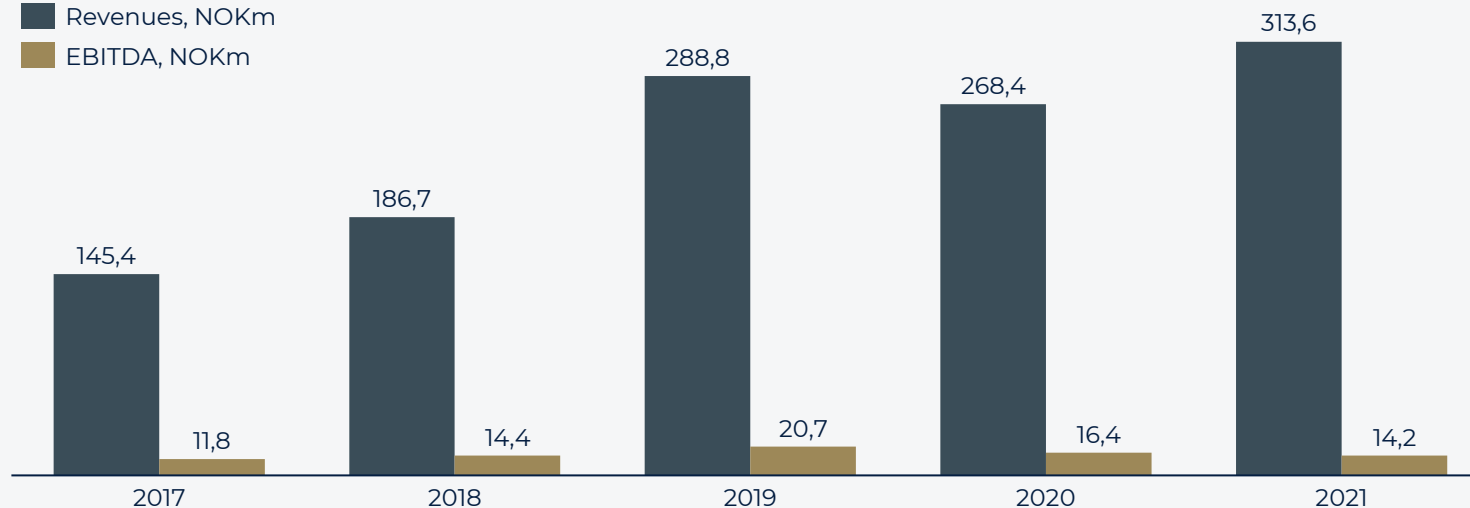
Loyal and large clients ensure repeat business



Many projects are directly linked to make the client's operations more environmentally friendly, i.e. more energy efficient, reducing unnecessary greenhouse gas emissions etc.

Financial performance

■ Revenues, NOKm
■ EBITDA, NOKm



Blue-chip customer base



Fossberg Kraft at a glance

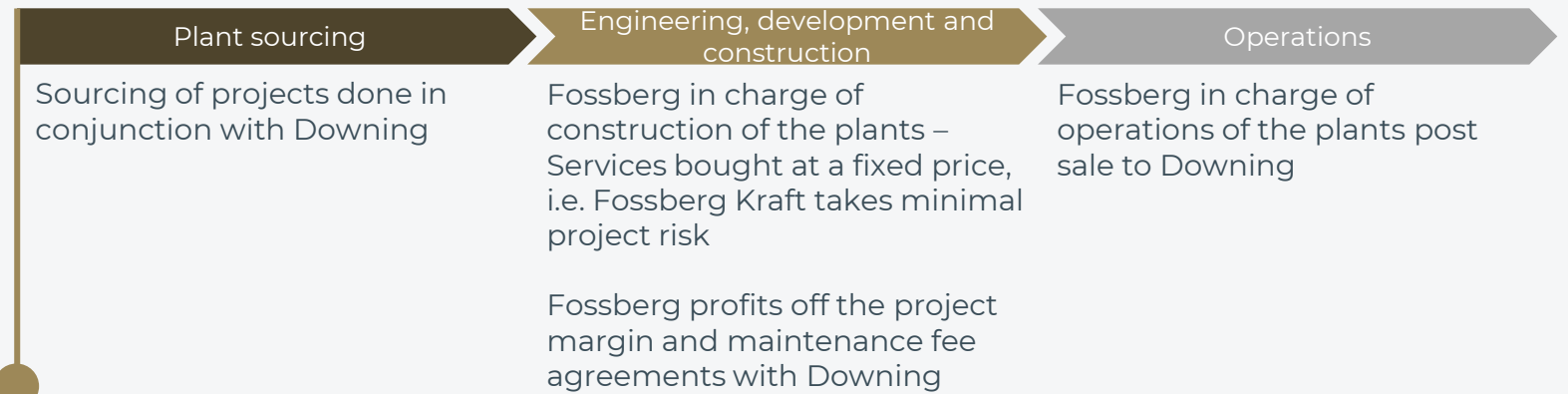
Specialized small-scale hydropower plant developer and operator



Key highlights

- Founded in 2018
- “Take-off” agreement with UK investment fund Downing for completed plants signed in 2021
- Successfully sold 5 plants to Downing in 2021 with corresponding mgmt. and “take-off” agreement
- 80+ years of combined experience from project development and hydropower plants

Value creation illustration



3 plants

Successfully bought & sold

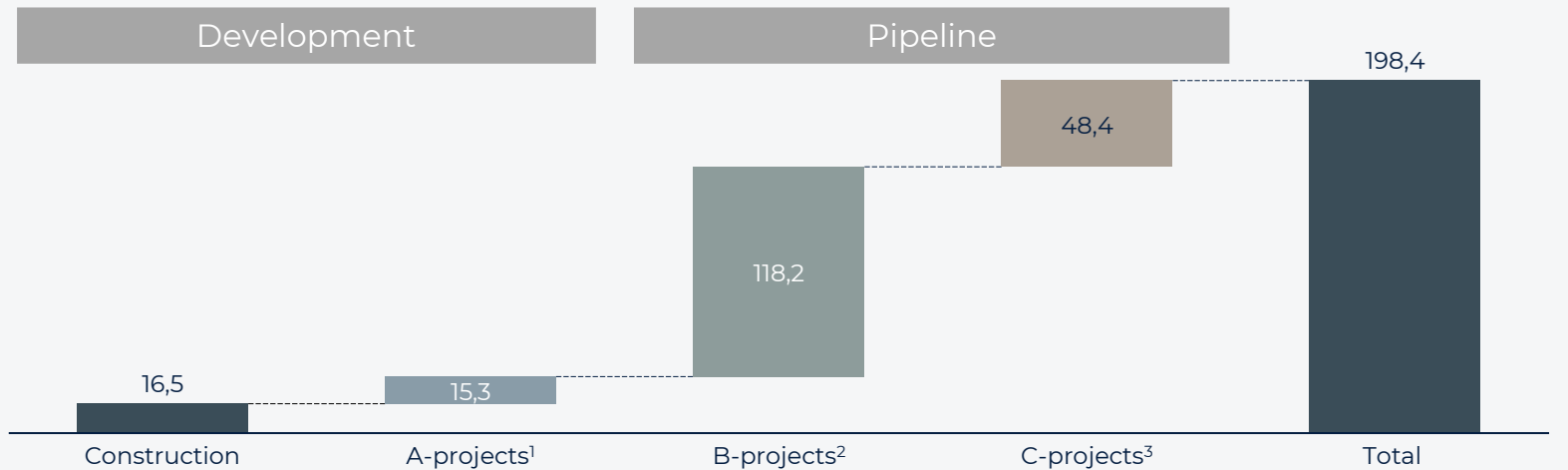
4 plants

Successfully constructed/refurbished and sold

16.5 GWh new cap.

From 3 plants under construction

Portfolio, GWh



Note: 1) Projects where there is a signed contract regarding acquisition of rights or physical assets - to be developed towards decision to start construction; 2) Projects which have been analyzed with regards to production/hydrology and financials, inspected and considered ready for offer/contract negotiations; 3) Projects which have attractive attributes – where preliminary calculations and studies should be done. Production should be > 5 GWh/year

Business model characteristics

How do we generate money?

Broad economics from both short- and long-term contracts enable possible quick access to liquidity

Maritime services

2-3 months

Timespan of service and maintenance contracts

1 week – 12 months

Effective backlog from maintenance and service projects

Regular and tailormade

Complex projects involving designs, extensions and similar

3-10% EBITDA margin

Target EBITDA margin depending on type of project

Adaptable payment structure

Pre-payment to completion – depending on project

Products, solutions & renewables

1-3 years

Timespan of contracts and frame agreements

1 week – 18 months

Effective backlog from projects and frame agreements

Significant repeat business

Long-term relationships with large-scale clients

5-15% EBITDA margin

Target EBITDA margin depending on type of project

Payments follow progress

Payment structure mainly in line with progress in projects

Strong macro tailwinds

Record-high industrial activity in western Norway

Diversified revenues

- New company structure with exposure to variety of industrial sectors – diversifying and securing revenue streams

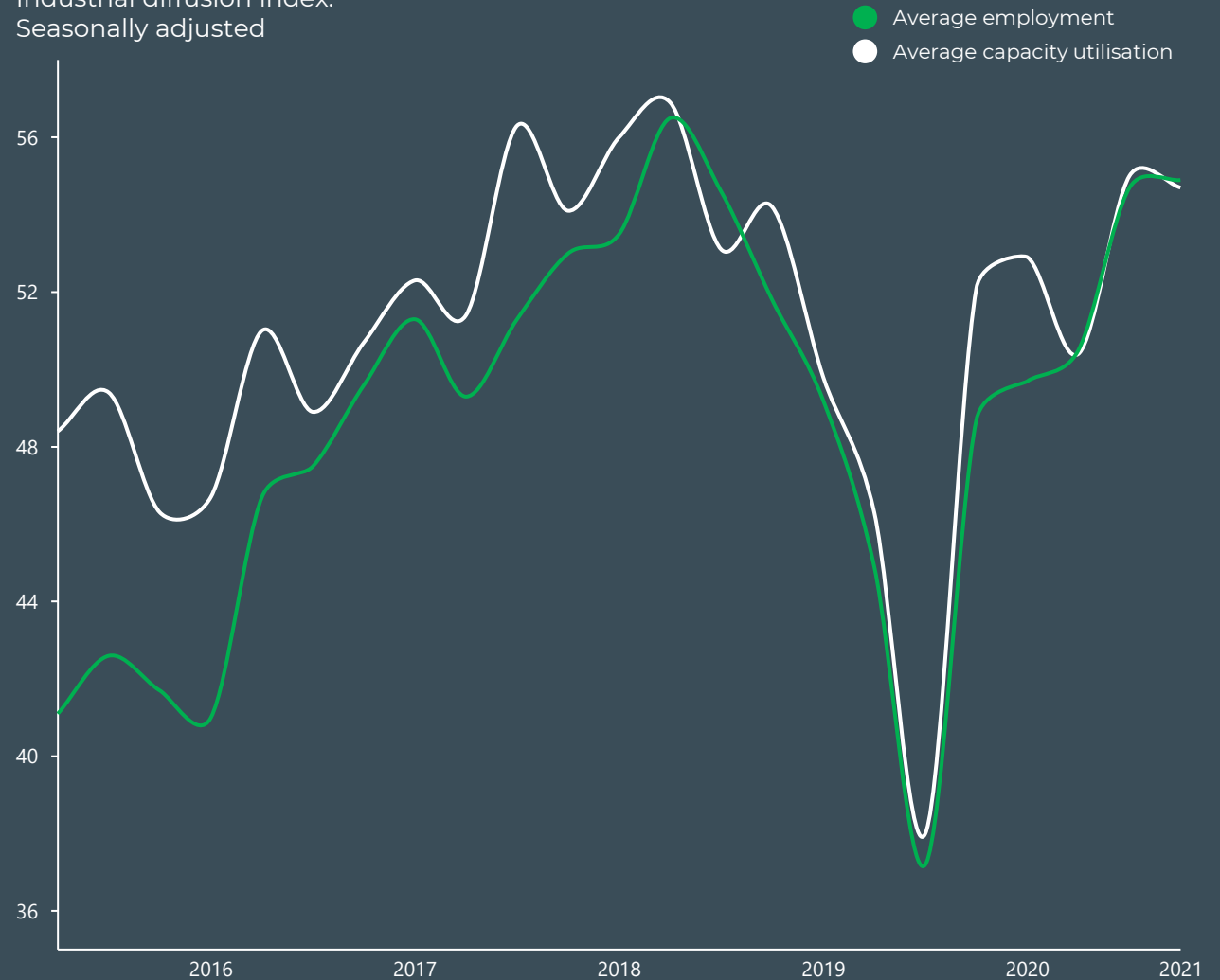
Demand for maritime service and conversion

- Energy transition creates opportunities for additional conversions to sustainable operations

Decarbonization

- Havyard and BKS to spearhead decarbonization of increased industrial activity and operations on- and off-shore

Industrial diffusion index:
Seasonally adjusted



Guiding for 2022 and 2023 – 2 main business segments

The groups will have two main divisions : Maritime Services and Product, Solutions & renewables

Guiding for 2022 and 2023, NOKm

	'22e	'23e
Revenues	550-600	650-750¹
EBITDA margin	5-6%	7-8%

- Turnover is estimated approximately equal between the two divisions

Financial position

- Group net interest bearing debt estimated at NOKm 110 post transaction
- Equity ratio of 43% based on pro-forma balance sheet as of 31.12.2021

Potential for further growth

- First part of 2022 affected of macro factors influencing margins negatively
 - Sickness absence due to covid 19
 - Increasing prices on input factors – time lag before passed on to customers
- Est. abt. NOKm 15 in transaction & restructuring costs in -22
- The restructuring will lead to synergies generating positive EBITDA-effect estimated at NOKm 3-5 per year from 2023
- Successful restructuring done at yard facilities in Leirvik – restated strategy (service and maintenance) transfers to healthy business with low-risk projects compared to previous strategy based on newbuilds
- Strong market outlooks for the segment services and products
- The new group will strive to increase further growth both through organic growth and M&A activity

Company summary

Fully integrated service and power provider in western Norway

HAVYARD



Broad service offering to on- and offshore industries



Growing demand for hydro power – the worlds cleanest energy source



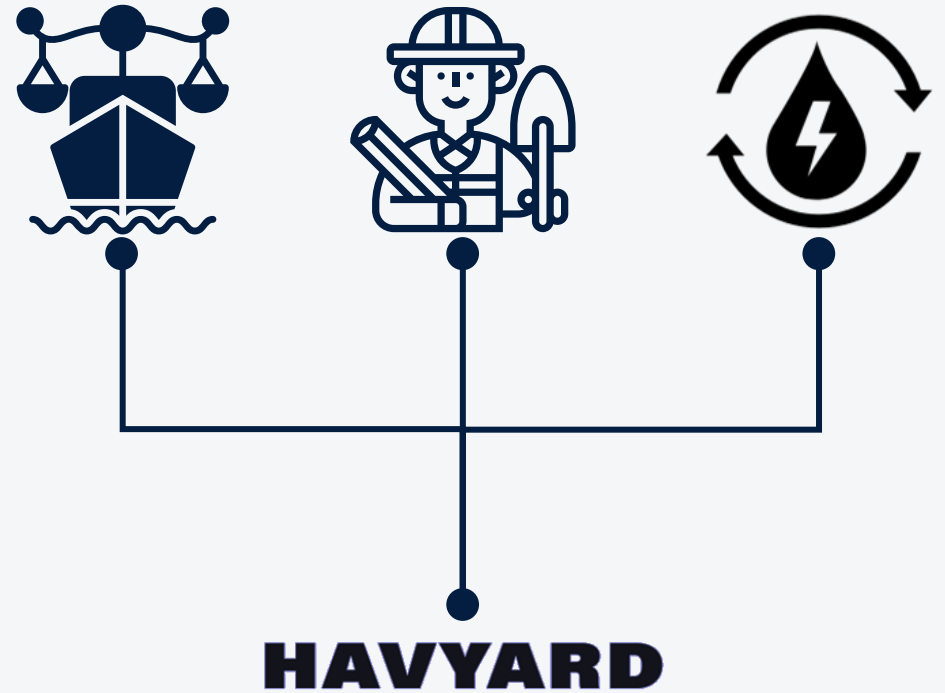
The green shift driving demand for services and clean energy across Havyard sectors



Strong management with a broad background to execute on strategic growth initiatives



Robust financial position post merger



Appendix



Pro-Forma financials, Balance sheet

HAVYARD

Assets, NOKm

	31.12.2021
Non-current assets	
Intangible assets	32
Deferred tax assets	0
Goodwill	256
Total intangible assets	288
Properties	126
Plants & equipment	49
Leased assets	4
Inventory	5
Total fixed assets	184
Investment in shares	60
Long-term receivable	4
Total financial assets	64
Total non-current assets	536
Current assets	
Inventory	9
Account receivables	102
Other receivables	35
Total receivables	137
Bank deposits	242
Total current assets	388
TOTAL ASSETS	923

Equity and liabilities, NOKm

	31.12.2021
Equity	
Share capital	1
Other equity	266
Ownership (own shares)	0
Total paid-in equity	267
Other equity	133
Minorities	2
Total retained equity	135
TOTAL EQUITY	402
Debt	
Deferred tax	18
Total provision for liabilities	18
Leasing debt	4
Shareholder loans	2
Interest bearing debt	155
Other long-term debt	39
Total long-term debt	200
Interest bearing debt	32
Accounts payable	54
Contractual obligation	36
Tax payable	7
Public fees	52
Dividend	0
Other current debt	123
Total current debt	303
Total debt	522
TOTAL EQUITY AND LIABILITIES	923



Pro-Forma financials, P&L

P&L, NOKm

	2021
Sales revenue	1,263.6
Other income	12.9
Total revenue	1,276.5
Costs of goods sold	736.9
Salaries	367.3
Other costs	108.0
Total costs	1,212.3
EBITDA	64.2
Depreciation	15.2
EBIT	49.0
Net financial items	29.2
EBT	78.2
Tax	(5.7)
Net Income	83.9

Commentary

- 2021 figures includes completion of newbuildings at the shipyard in Leirvik (ref. the previous strategy in Havyard)
- New strategy for the yard is based on service and maintenance – revenues will then be significantly lower than the 2021 figures