



# HAVYARD GROUP ASA

Presentation Q1 2016 - 24.05.16

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# Agenda

- Headlines/ milestones Q1
- Outlook
- Main figures
- Detailed figures
- HES/ QA
- Questions



# Headlines/Milestones Q1

- EBIT of NOK 18.7million and EBIT-margin of 4.13 % in first quarter of 2016.
- The Group's organisation are now better adjusted to the situation in the market, which we can see on the improved results in first quarter.
- Progress on vessels under construction is on schedule and execution is expected to be good, with good results.
- **New contracts**
  - NB 127, a live fish carrier included complete fish handling systems to Norsk Fisketransport AS (Norway)
  - Havyard MMC have signed a contract for a complete fish handling system for live fish carrier for Sølvtrens, delivered by Myklebust shipyard
- **Cancelation of contract**
  - In connection with the postponement of delivery NB 123 to Marine Platforms Ltd from 2017 to 2018, there was made an agreement that ship-owner could cancel the contract by paying a compensation within Marchs 1, 2016. The ship-owner chose to use this opportunity. The paid compensation covers the Group's expenses.



# Outlook

- Havyard has succeeded with the diversification strategy, where we have developed and delivered products for fisheries, aquaculture as well as the renewable energy sector. We expect good profitability on projects within these segments for delivery in 2016 and 2017.
- The organization are after the restructuring more flexible and market oriented, where we can efficiently divert focus too new areas where there are increased activity.
- We expect the positive development in the Group to continue in 2016 since most of the capacity already are sold, special in Havyard MMC and Havyard Ship Technology. Focus are to sell capacity in both 2016 and the coming years.

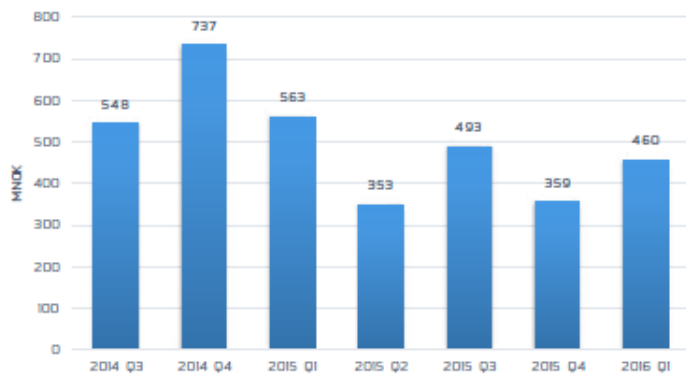


# Main Figures

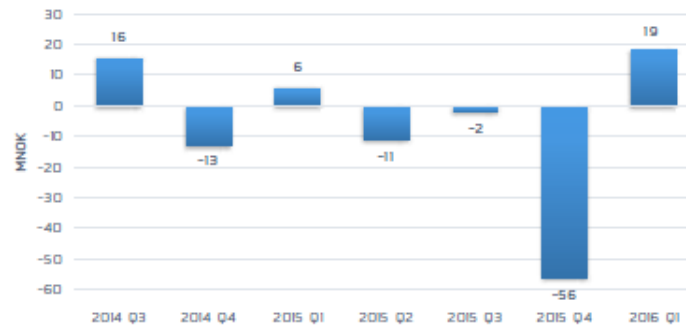
## Group Key Figures

	2016 Q1	2015 Q1	2015
Operating revenue	460	563	1 768
EBITDA	25	12	-33
EBIT	19	6	-61
EBIT-margin	4.13%	1.10%	-3.44%
Profit before tax	20	27	-132
Earnings per share	0.66	1.17	-4.90
NIBD	120	117	116
Working Capital	141	192	124

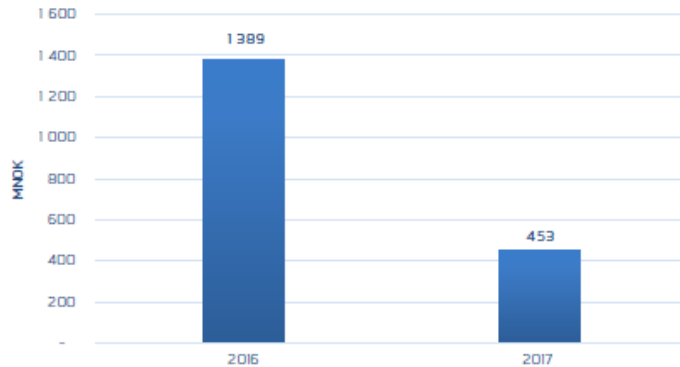
## Operating revenue / Driftsinntekter



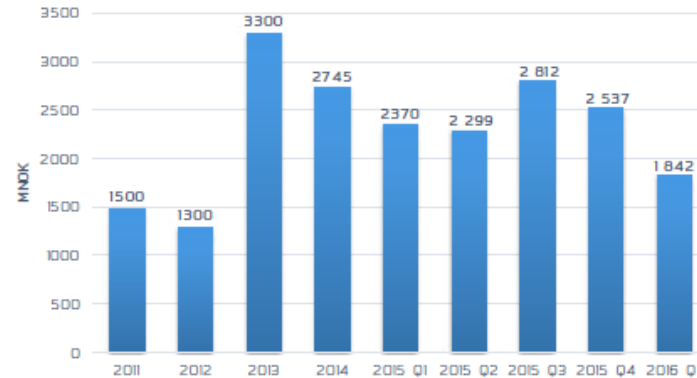
## EBIT / Driftsresultat



# Main Figures (cont.)



Order backlog per 2016 Q1 / Ordrebok pr 2016 Q1



Order backlog / Ordrebok

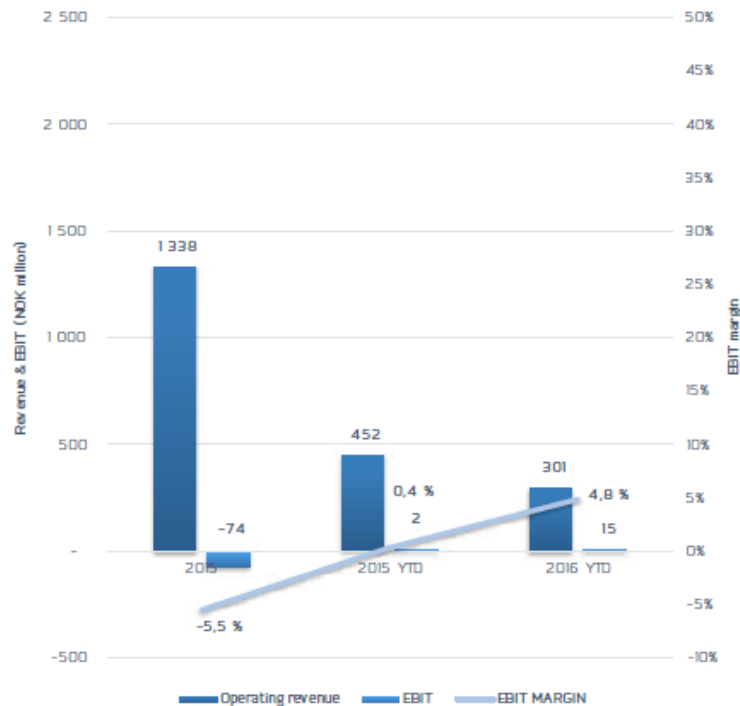
- External order backlog of approx. MNOK 1.842
  - MNOK 1.389 in 2016
  - MNOK 453 in 2017

-> increase in external order book for MMC Fish Handling & Refrigeration. Reduced order book for other segments.



# Detailed Figures

## - Ship Technology

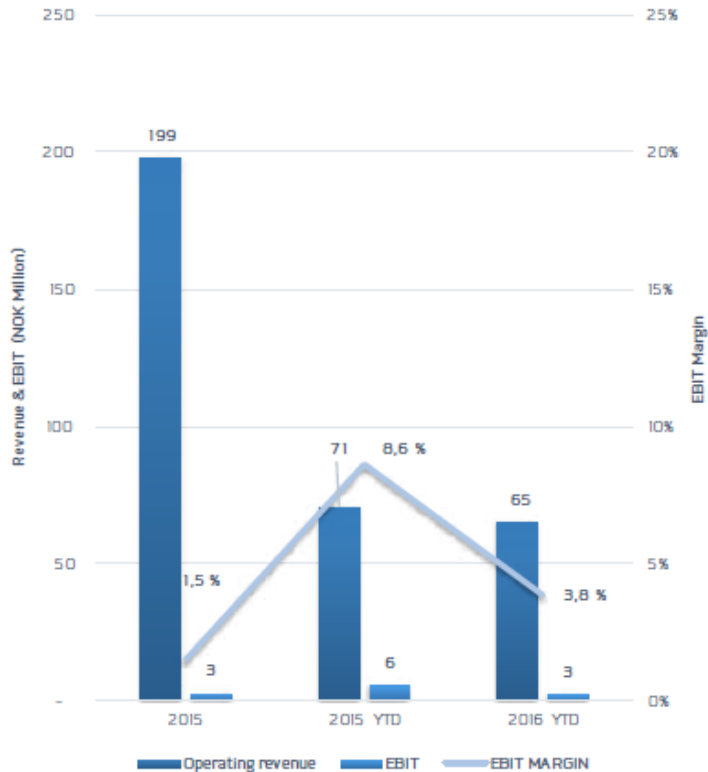


- Outfitting Leirvik during 2016
  - 832 SOV windmill service, NB 125
- Better result on ongoing projects.
- Negative trend from 2015 reversed.
- One new contract in Q1
  - Live fish Carrier to Norsk Fisketransport AS, delivery Q1 2017
- Cancellation
  - NB 123 cancelled
- Order backlog of MNOK 1.314
  - 1 PSV, 1 SOV, 2 AHTS ICE, 1 live fish carrier



# Detailed Figures (cont.)

## - Design & Solutions



- Lower capacity utilization reduces margins in first quarter 2016 compared with first quarter 2015
- Order backlog of MNOK 352
  - External: MNOK 260
  - Internal: MNOK 92

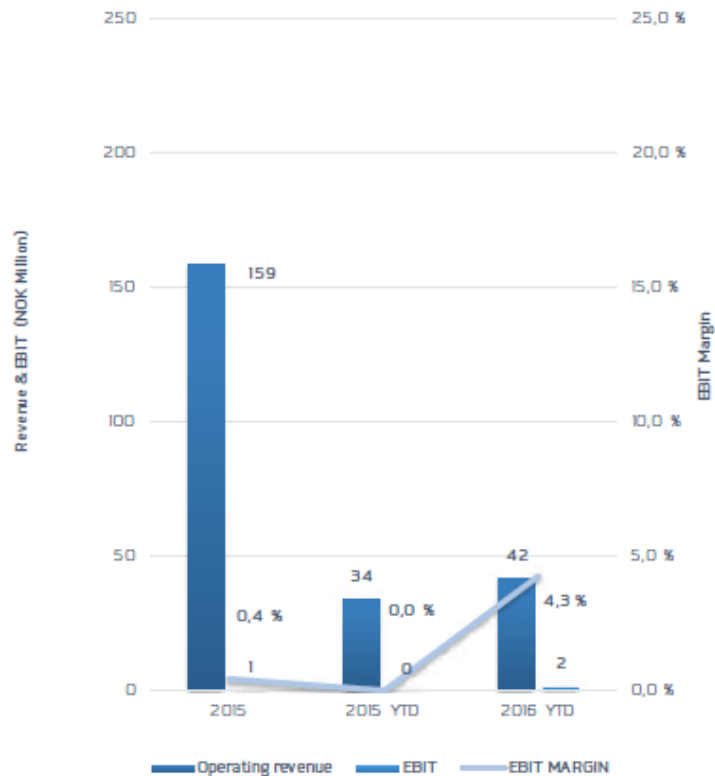
Havyard Power & Systems (HPS) are now under the Havyard Design & Solution segment. HPS where earlier reported under the Power and Systems segment. Comparable numbers are adjusted for the change in segments.





# Detailed Figures (cont.)

## - NES Power & Systems

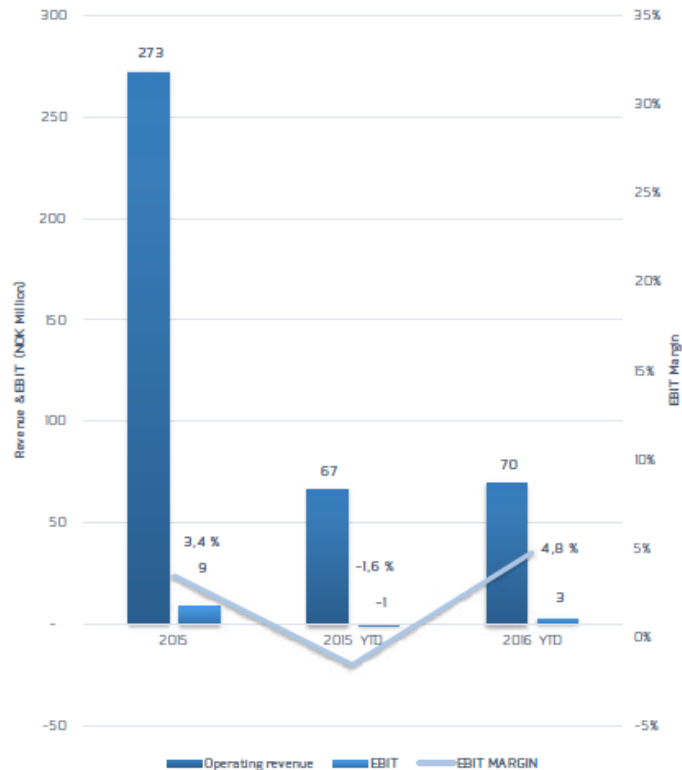


- Lower activity, but increased margins (2015 YTD are from February 1th)
- Order backlog of NOK 39 million
  - External: NOK 27million
  - Internal: NOK 12 million



# Detailed Figures (cont.)

## - MMC



- Increased operating revenue and EBIT in first quarter 2016, compared to first quarter 2015.
- Positive trend in activity-level margins.
- Order backlog of NOK 319million
  - External: NOK 256 million
  - Internal: NOK 63 million
- Orderbook per Q1 increased by 135 MNOK compared to Q4 2015.



# BALANCE SHEET Q1.2016

(NOK 1000)

	2016 Q1 (unaudited)	2015
<b>ASSETS</b>		
<b>Non current assets</b>		
Goodwill	100 527	100 527
Licenses, patents and R&D	79 858	78 529
Property, plant and equipment	248 716	252 454
Investment in associates	77 359	75 691
Loan to associates	19 470	18 673
Investment in financial assets	63 884	63 025
Other non current receivable	59 774	59 148
<b>Total non current assets</b>	<b>649 588</b>	<b>648 047</b>
<b>Current Assets</b>		
Inventory	54 157	50 075
Accounts receivables	298 200	84 717
Other receivables	109 876	101 280
Construction WIP in excess of prepayments	345 053	233 379
Cash and cash equivalents	227 708	224 629
<b>Total Current Assets</b>	<b>1 034 993</b>	<b>694 079</b>
<b>TOTAL ASSETS</b>	<b>1 684 581</b>	<b>1 342 127</b>

(NOK 1000)

	2016 Q1 (unaudited)	2015
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1 126	1 126
Share premium reserve	5 463	5 463
Treasury shares	-5	-5
Retained earnings	459 658	444 759
Non-controlling interest	58 427	57 622
<b>Total equity</b>	<b>524 669</b>	<b>508 965</b>
<b>Long term liabilities</b>		
Deferred tax liability	38 090	33 536
Bond loan	149 520	148 898
Loans and borrowings, non-current	73 687	76 036
Other long-term liabilities	4 667	5 031
<b>Total long term liabilities</b>	<b>265 964</b>	<b>263 501</b>
<b>Current liabilities</b>		
Accounts payables	361 933	156 609
Taxes payable	2 013	2 734
Provision for dividend		-
Public duties payables	27 887	52 413
Construction loans	161 363	87 286
Loans and borrowings, current	34 308	20 673
Prepayments in excess of construction WIP	154 026	100 784
Other current liabilities	152 420	149 162
<b>Total current liabilities</b>	<b>893 948</b>	<b>569 661</b>
<b>Total liabilities</b>	<b>1 159 913</b>	<b>833 162</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 684 581</b>	<b>1 342 127</b>

- No change in non current assets
- Change in current assets and current liabilities because of increased activity on ship yard per 31.03.16 compared to 31.12.15.
- Increased accounts receivables and accounts payables due to accruals. Back to normal level early April.
- Net interest bearing debt: MNOK 120
- Working capital: MNOK 141
- Equity ratio: 31 %



# CASH FLOW

(NOK 1000)	2016 YTD (Unaudited)	2015 YTD	2015
<b>CASH FLOW FROM OPERATIONS</b>			
Profit/(loss) before tax	20 339	27 806	-132 304
Taxes paid	-721	-1 807	-1 807
Depreciation	6 313	6 277	27 933
Net interest income	113	2 405	7 547
Impairment	-	-	77 015
Share of (profit)/loss from associates	-1 668	-23 552	-27 005
Changes in inventory	-4 082	973	-4 118
Net changes in construction loans	74 077	-381 047	-428 254
Changes in accounts receivables/construction WIP	-325 157	299 838	468 128
Changes in accounts payable	205 324	-52 506	-29 743
Changes in prepayments from customers	53 242	72 369	45 920
Changes in other current receivables/liabilities	-16 311	44 763	1 369
<b>Net cash flow from/(to) operating activities</b>	<b>11 468</b>	<b>-4 481</b>	<b>4 680</b>
<b>CASH FLOW FROM INVESTMENTS</b>			
Investments in property, plant and equipment	-1 416	-2 304	-7 332
Investment in intangible assets	-2 488	-1 702	-19 915
Investment in/disposal of financial assets	-859	-	12 042
Purchase of subsidiaries	-	-18 270	-18 270
Interest income	1 335	1 727	9 439
Dividends received	-	-	-
Changes in long term receivables	-1 422	-750	5 823
<b>Net cash flow used in investing activities</b>	<b>-4 850</b>	<b>-21 299</b>	<b>-18 214</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New long term debt	623	15 994	29 534
Repayment long term debt	-2 713	-2 439	-10 275
Purchase of minority shares in Havyard MMC	-	-	-
Interest costs	-1 449	-4 132	-16 986
Purchase/sale of treasury shares	-	-	410
Dividends	-	-10 073	-11 866
<b>Net cash flow from/ (used in) financing activities</b>	<b>-3 539</b>	<b>-650</b>	<b>-9 183</b>
<b>Net change in cash and cash equivalents</b>	<b>3 079</b>	<b>-26 430</b>	<b>-22 717</b>
<b>Cash and cash equivalents at start of the period</b>	<b>224 629</b>	<b>194 563</b>	<b>194 563</b>
Cash and cash equivalents from purchase of subsidiaries	-	52 783	52 783
Cash and cash equivalents at end of the period	227 708	220 916	224 629
Restricted bank deposits at the end of the period	85 904	86 891	94 540
<b>Available cash and cash equivalents at the end of the period</b>	<b>141 804</b>	<b>134 025</b>	<b>130 089</b>

Positive CF from operations in Q1:

- Positive result
- Accruals related to projects

Negative CF from Investments Q1:

- New minor investments

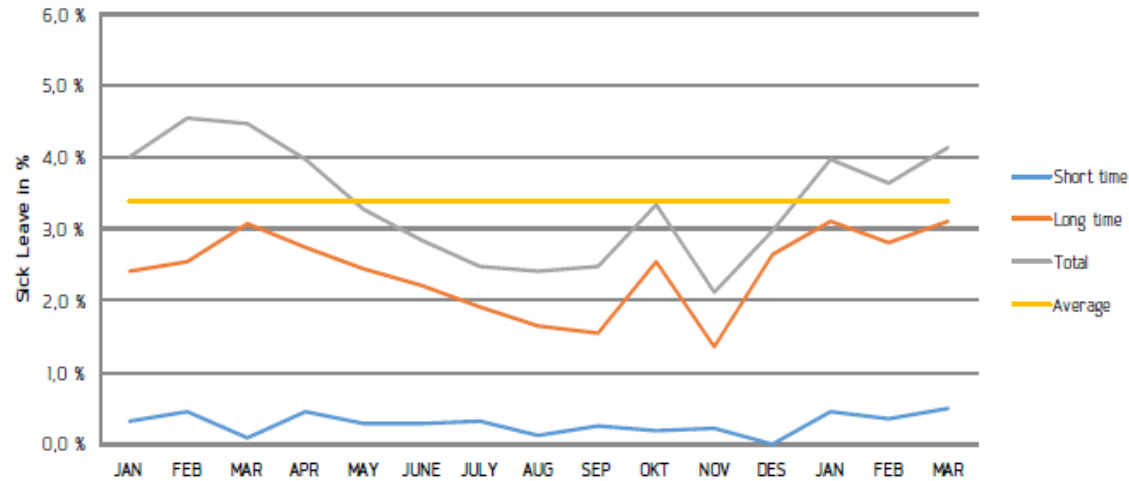
Negative CF from financing Q1:

- 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 increased last part of 2014 and first part of 2015. Last part of 2015 lower sick leave with an average of 2.63 %.
  - Last 15 months sick leave on 3.39 %
  - So far in 2016 sick leave on 3.93 %



# 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

