

HAVYARD GROUP ASA

Presentation Q4 2016 - 01.03.17

Geir Johan Bakke, CEO





Agenda

- Headlines/ milestones Q4
- Outlook
- Main figures
- Detailed figures
- HES/ QA
- Questions



Headlines/Milestones Q4

- EBIT of NOK 25.1 million and EBIT-margin of 4.7 % in fourth quarter of 2016.
- EBIT of NOK 112.0 million in 2016 with an EBIT-margin of 5.6%
- Good project execution in 2016 with good results.

- Impairment of financial assets related to ship investments with NOK 40 millions in fourth quarter 2016, and large deficits in shipowning associates with NOK 51 millions in 2016.

- New contract / cancellations in fourth Quarter
 - Havyard Ship Technology AS
 - Building of 3 ferries for Fjord1, delivery 2018
 - Cancellation of nb.126 PSV ICE, scheduled for 2019
 - Havyard Design & Solutions AS
 - Design and equipment for 2 x Havyard 843 AHTS for Grupo CBO

- Delivered vessels in fourth quarter
 - Successful deliveries of new build no. 128 & 129, Havyard 843 ICE AHTS Icebreakers to Femco.





Outlook

Havyard heading for the future

From "ship technology company" to "maritime technology company."

- Strategy is consistent with the needs we see in the market from now on.
- Focus on increasing competitiveness and develop new products and services.
- Demonstrate a greater extent the values of Havyard Group ASA.
- Create profitable, safe and interesting jobs.

The following changes

- Increased focus on development of new innovative products and services.
- Assessment of acquisitions and / or mergers.
- Increase from 4 to 5 business-segments.
- Havyard MMC profiled as MMC with MMC logo.
- New business-segment HPR profiled as its own brand with their own logo.

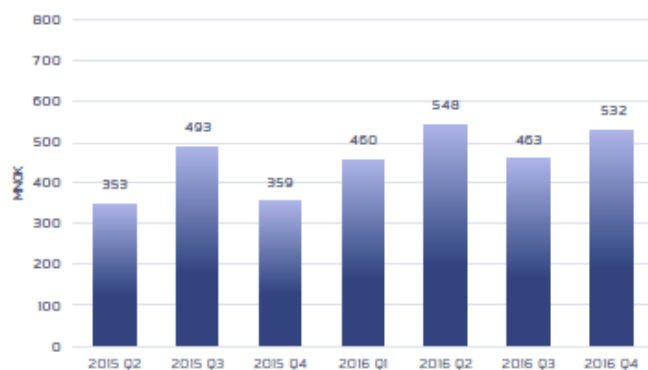
- Good market activity, 2017 will be challenging regarding activity 2nd half for the shipyard, but we are optimistic for 2018 and 2019.



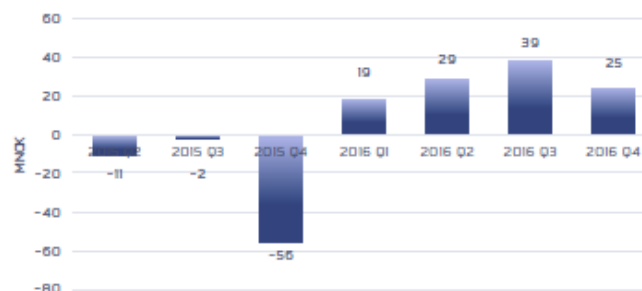
Group Key Figures

	2016	2015	2016 Q4	2015 Q4
Operating revenue	2 003	1 768	532	358
EBITDA	140	-33	31	-45
EBIT	112	-61	25	-54
EBIT-margin	5.59 %	-3.44 %	4.71 %	-15.00 %
Profit before tax	23	-132	-65	-151
Earnings per share	0.60	-4.90	-2.14	-5.84
NIBD	15	116	15	116
Working Capital	177	124	177	124

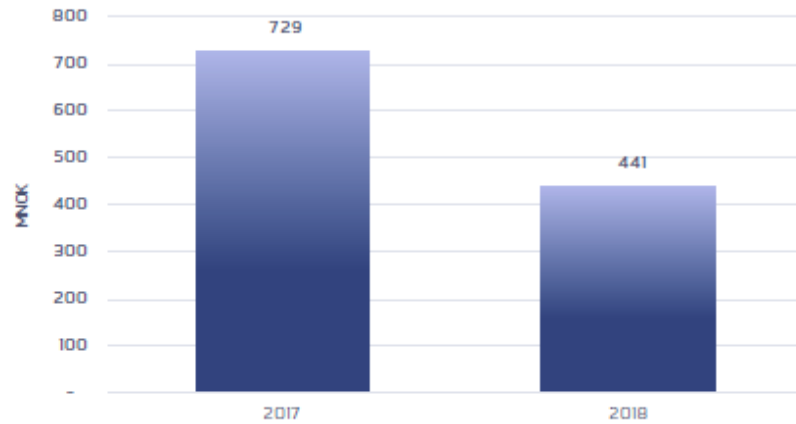
Operating revenue / Driftsinntekter



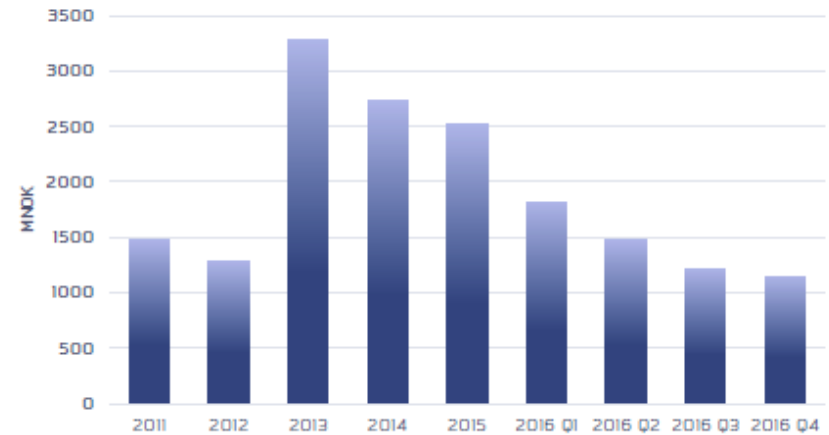
EBIT / Driftsresultat



Group Key Figures (cont.)



Order backlog per 2016 Q4 / Ordrebok pr 2016 Q4



Order backlog / Ordrebok

- External order backlog of approx. MNOK 1.170 (Q3 1.240)
 - MNOK 729 in 2017
 - MNOK 441 in 2018



Resultat per segment

2016

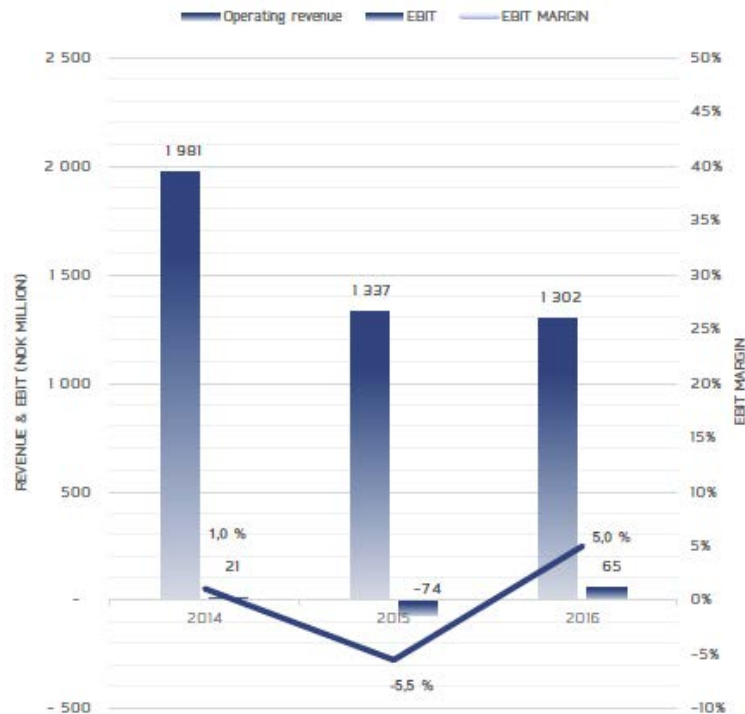
(NOK million)

	Ship Technology	Design & Solutions	Power & Systems	MMC	Other	Havyard Group
Operating revenues, External	1 282 648	281 403	51 600	364 756	22 823	2 003 229
Operating revenues, Internal	19 830	41 128	46 071	43 668	-150 697	0
Total operating revenue	1 302 478	322 530	97 672	408 424	-127 874	2 003 229
Operating profit /loss EBITDA	77 698	28 885	-2 041	34 940	896	140 379
Depreciation	13 036	3 673	5 074	5 917	725	28 425
Operating profit/(loss) (EBIT)	64 662	25 212	-7 114	29 023	171	111 954
Net financial items	-7 023	8 308	1 288	-3 290	-37 718	-38 435
Share of profit/(loss) from as- sociate	0	0	0	0	-50 652	-50 652
Profit/(Loss) before tax	57 639	33 520	-5 826	25 732	-88 198	22 867
Income tax expense	11 372	8 843	-1 392	-7 437	-788	10 598
Profit/(Loss)	46 267	24 678	-4 435	33 169	-87 410	12 269

- Positive EBIT in all segments except Power & Systems



- Ship Technology



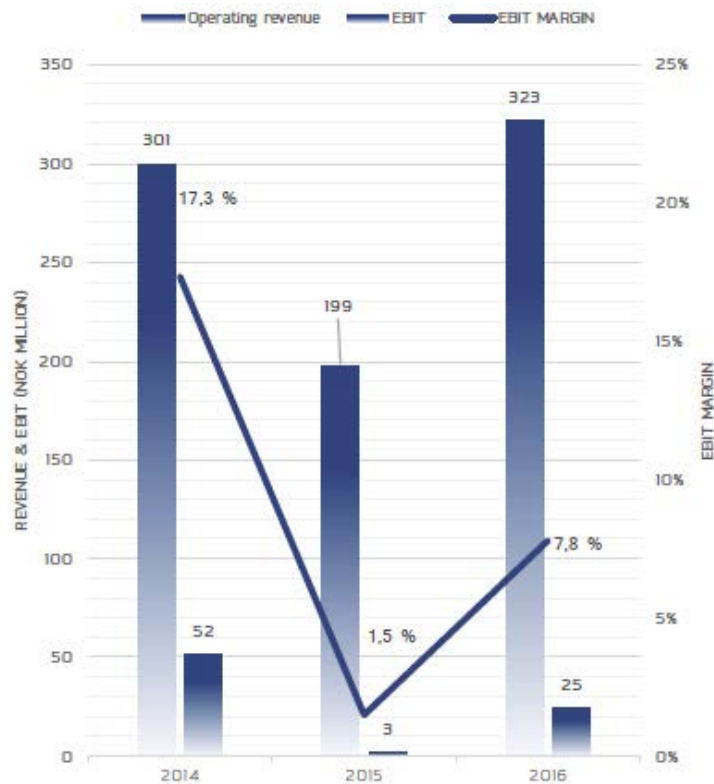
- Outfitting Leirvik during 2016
 - 832 SOV windmill service, NB 125
 - 843 ICE Icebreaker AHTS, NB 128
 - 843 ICE Icebreaker AHTS, NB 129

- Better result on ongoing projects.
- Positive trend in 2016

- Order backlog of MNOK 614
 - 1 live fish carrier for NFT
 - 1 workboat for Inverlussa
 - 3 ferries for Fjord1



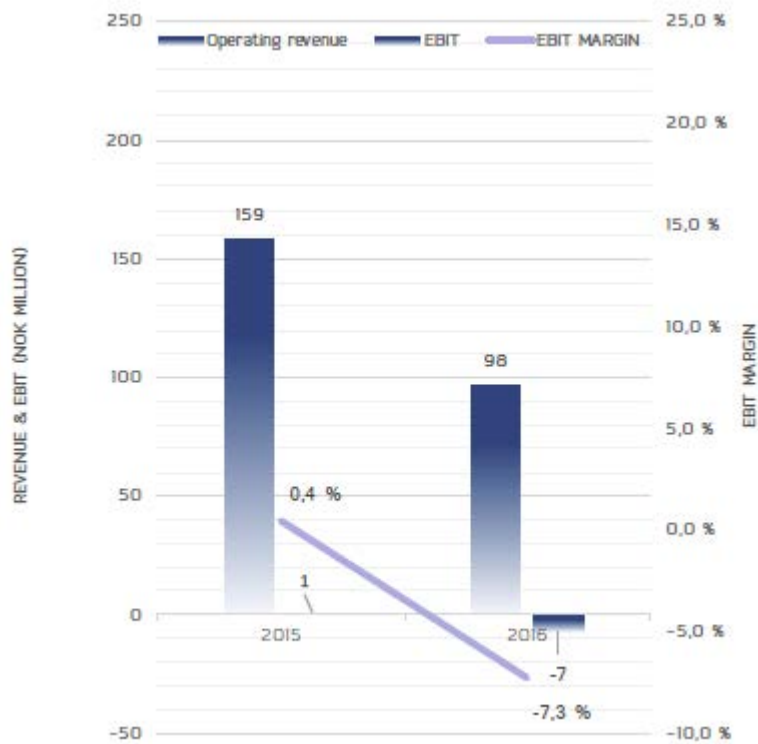
- Design & Solutions



- Lower capacity utilization and increased sales of equipment packages reduces margins compared to historical margins.
- Order backlog of MNOK 242
 - External: MNOK 240
 - Internal: MNOK 2



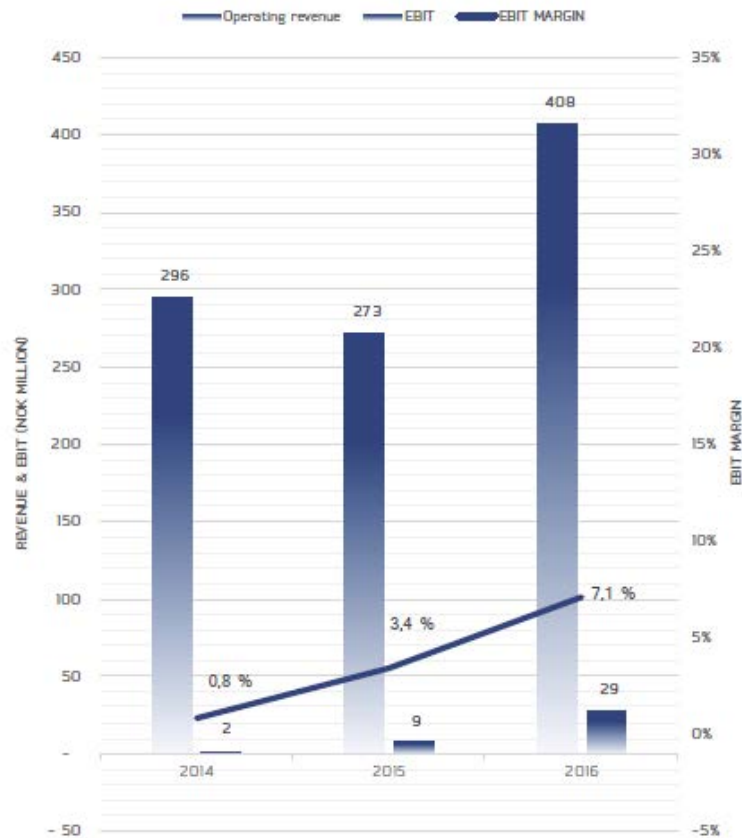
- NES Power & Systems



- Lower activity and margins. (2015 figures are from February 1st)
- Focus on product development
- Order backlog of NOK 27,1 million
 - External: NOK 23,9 million
 - Internal: NOK 3,2 million



- MMC



- Increased operating revenue and EBIT in 2016, compared to 2015. Improved margins due to improved project execution and increased activity.
- Order backlog of NOK 218 million
 - External: NOK 192 million
 - Internal: NOK 26 million



BALANCE SHEET Q4.2016

ASSETS

	Note	2016 (unaudited / urevidert)	2015
Non current assets			
Goodwill		103 045	100 527
Licenses, patents and R&D		89 323	78 529
Property, plant and equipment		234 528	252 454
Investment in associates	8	25 045	75 691
Loan to associates		22 090	18 673
Investment in financial assets	4	26 547	63 025
Other non current receivable		62 981	59 148
Total non current assets		563 559	648 047
Current Assets			
Inventory		113 503	50 075
Accounts receivables		156 592	84 717
Other receivables		53 839	101 280
Construction WIP		224 029	233 379
Cash and cash equivalents		266 057	224 629
Total Current Assets		814 020	694 079
TOTAL ASSETS		1 377 579	1 342 127

EQUITY AND LIABILITIES

	Note	2016 (unaudited / urevidert)	2015
Equity			
Share capital	6	1 239	1 126
Share premium reserve		22 535	5 463
Treasury shares		-5	-5
Retained earnings		459 514	444 759
Non-controlling interest		54 502	57 622
Total equity		537 785	508 965
Long term liabilities			
Deferred tax liability	5	32 606	33 536
Bond loan	7	103 728	148 898
Loans and borrowings, non-current	7	63 246	76 036
Other long-term liabilities	7	3 434	5 031
Total long term liabilities		203 014	263 501
Current liabilities			
Accounts payables		121 575	156 609
Taxes payable		11 333	2 734
Public duties payables		49 759	52 413
Construction loans	7	149 163	87 286
Bond loan (instalments next period)	7	24 640	
Loans and borrowings, current	7	6 993	20 673
Prepayments in excess of construction WIP		116 467	100 784
Other current liabilities		156 850	149 162
Total current liabilities		636 780	569 661
Total liabilities		839 794	833 162
TOTAL EQUITY AND LIABILITIES		1 377 579	1 342 127

- Changes in non current assets
 - Minor equity issue
 - Result in associates (deficit) 51 MNOK
 - Impairment financial assets 40 MNOK
- Change in current assets and current liabilities because of activity on ship yard per 31.12.16 compared to 31.12.15.

- Net interest bearing debt: MNOK 15
- Working capital: MNOK 177
- Equity ratio: 39 %



CASH FLOW

(NOK 1,000)	2016 (unaudited /urevidert)	2015
CASH FLOW FROM OPERATIONS		
Profit/(loss) before tax	22 867	-132 304
Taxes paid	-3 173	-1 807
Depreciation	28 425	27 933
Net interest income	8 299	7 547
Change in bond loan (amortization)	-1 944	1 957
Impairment	40 000	77 015
Share of (profit)/loss from associates	50 652	-27 005
Changes in inventory	-63 429	-4 118
Net changes in construction loans	61 876	-428 254
Changes in accounts receivables/construction WIP	-62 525	468 128
Changes in accounts payable	-35 033	-29 743
Changes in prepayments from customers	15 684	45 920
Changes in other current receivables/liabilities	36 131	1 369
Net cash flow from/(to) operating activities	97 831	6 637
CASH FLOW FROM INVESTMENTS		
Investments in property, plant and equipment	-5 884	-7 332
Investment in intangible assets	-15 409	-19 915
Investment in/disposal of financial assets	-3 522	12 042
Purchase of subsidiaries	-	-18 270
Interest income	7 750	9 439
Dividends received	-	-
Changes in long term receivables	-7 249	5 823
Net cash flow used in investing activities	-24 314	-18 214
CASH FLOW FROM FINANCING ACTIVITIES		
New long term debt	-	27 577
Proceeds from issues of shares	17 185	-
Repayment long term debt	-32 974	-10 275
Interest costs	-16 049	-16 986
Purchase/sale of treasury shares	-	410
Dividends	-251	-11 866
Net cash flow from/ (used in) financing activities	-32 089	-11 140
Net change in cash and cash equivalents	41 428	-22 717
Cash and cash equivalents at start of the period	224 629	194 563
Cash and cash equivalents from purchase of subsidiaries	-	52 783
Cash and cash equivalents at end of the period	266 057	224 629
Restricted bank deposits at the end of the period	79 135	94 540
Available cash and cash equivalents at the end of the period	186 922	130 089

Positive CF from operations in Q4:

- Positive result
- Accruals related to projects

Negative CF from Investments Q4:

- Changes in long term receivables
- New minor investments

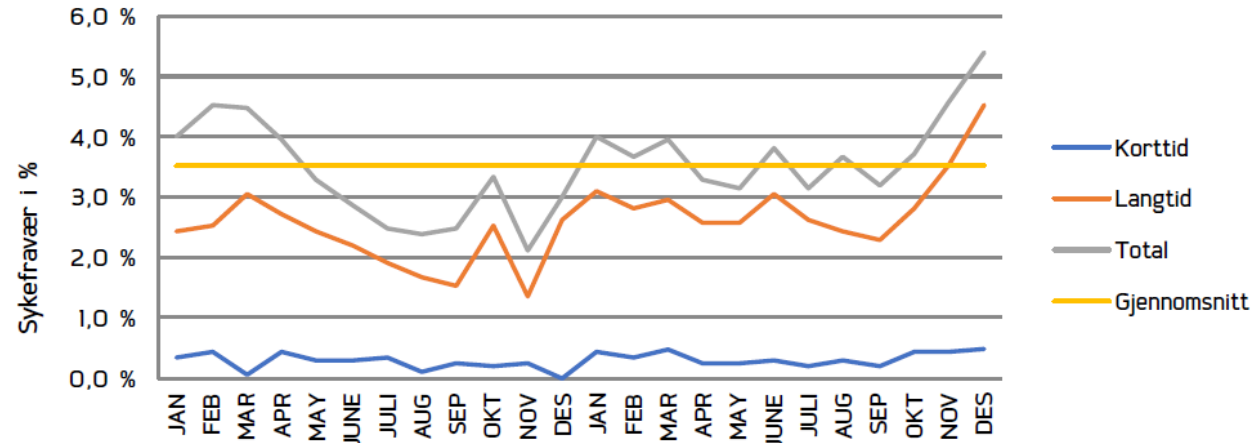
Negative CF from financing Q4:

- 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 24 months sick leave on 3.52 %
 - So far in 2016 sick leave on 3.80 %



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

