

HAVYARD GROUP ASA

IR summary Q4 2017 - 28.02.18





Headlines/Milestones Q4 2017

- EBIT of NOK 7.8 million and EBIT-margin of 2.2 % % in fourth quarter of 2017.
- EBIT of NOK -27.1 million and EBIT-margin of -2.1% in 2017.
 - 2017 was, as previously announced, a year of low activity at the shipyard, and contracts signed during 2017 was to a small extent completed this year. The Group's operating profit in 2017 was slightly weaker than expected and the target of positive operating profit for the Group was not achieved. The main reason is lower activity than expected in several of the segments.
 - With a positive EBIT in Q4 we now see the results of a successful turn-around to new segments and with new products. This is one quarter earlier than foreseen, and we expect the positive trend to continue in 2018.
- New contracts in fourth quarter
 - NES: Quest®-2 Energy Storage Systems for 3 offshore vessels. (Retrofit with battery containers)



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 deliveries 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.
- The order backlog is increasing with profitable activity for the coming years and has good expectations for 2018 and 2019.



Outlook - segments

MMC First Process (MMC FP)

There is still high activity in the market for well-boats, 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 development of unique overall solutions, 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. Activity within new building will increase during the year with approximately full utilization in second half of 2018.

Havyard Design & Solutions (HDS)

HDS is working actively in new segments for delivery of design and equipment packages for both own and external shipyards. Having sold designs to the first environmentally friendly ferry projects, there is good expectation in new orders and a positive development in the transport segment

Havyard Production (HPR)

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.

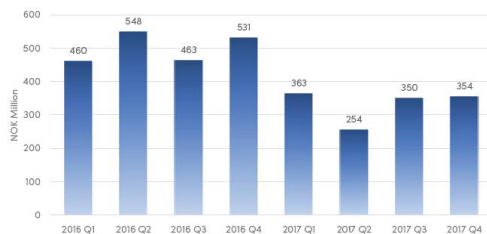


Group Key Figures

Group Key Figures

MNOK	2017	2016	2017 Q4	2016 Q4
EBIT-margin	-2.05 %	5.17 %	2.21 %	3.15 %
Earnings per share	-2.55	-1.58	-0.75	-4.23
Net interest bearing debt	95	15	95	15
Working Capital	130	174	130	174
Assets	1,335	1,335	1,335	1,335
Equity	477	486	477	486
Equity ratio	35.8 %	36.4 %	35.8 %	36.4 %

Operating revenue / Driftsinntekter



EBIT / Driftsresultat

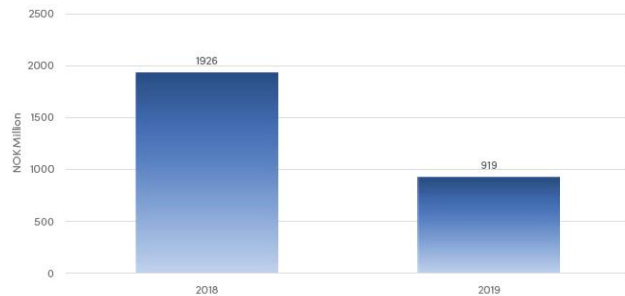




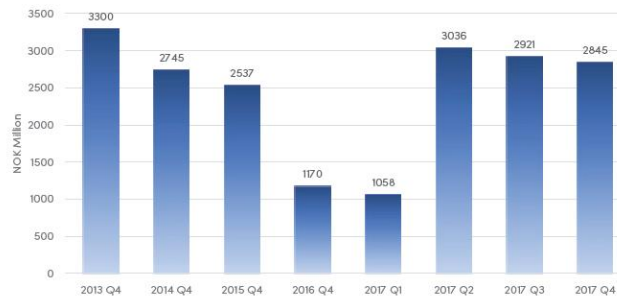
Order backlog



Distribution order book / Fordeling ordrebok



Order book / Ordrebok



- External order backlog of approx. MNOK 2,845 (Q4 2016: 1,170)
 - MNOK 1,926 in 2018
 - MNOK 919 in 2019



Figures per segment

2017

(NOK million)

	Ship Technology	Design & Solutions	Power & Systems	MMC	Havyard Production	Other	Havyard Group
Operating revenues, External	456.4	208.0	80.9	392.2	66.9	117.5	1,322.0
Operating revenues, Internal	3.1	35.8	176.0	34.0	67.0	-315.8	0
Total operating revenue	459.5	243.8	256.9	426.2	133.8	-198.3	1,322.0
Operating profit /loss EBITDA	-43.1	25.4	23.5	29.5	-28.7	-4.7	2.0
Depreciation	11.9	4.3	3.7	7.5	1.2	0.5	29.2
Operating profit/(loss) (EBIT)	-55.0	21.1	19.8	22.1	-29.9	-5.2	-27.1
Net financial items	-21.5	-1.8	1.5	-5.0	1.0	-13.3	-39.0
Share of profit/(loss) from associate	-	-	-	-	-	-8.3	-8.3
Profit/(Loss) before tax	-76.5	19.4	21.3	17.1	-28.9	-26.8	-74.4
Income tax expense	-18.7	4.5	4.9	3.5	-6.6	-6.4	-18.7
Profit/(Loss)	-57.8	14.8	16.5	13.6	-22.4	-20.4	-55.7



Balance sheet

ASSETS

	2017	2016
	unaudited urevidert	
Non current assets		
Goodwill	141 003	103 045
Licenses, patents and R&D	107 100	89 236
Property, plant and equipment	233 483	234 615
Investment in associates	16 762	25 084
Loan to associates	28 843	22 090
Investment in financial assets	27 603	19 191
Other non current receivable	9 292	25 613
Total non current assets	564 087	518 873
Current Assets		
Inventory	115 184	114 903
Accounts receivables	136 077	157 296
Other receivables	104 923	53 919
Construction WIP	208 355	224 029
Cash and cash equivalents	206 068	266 057
Total current assets	770 608	816 204
TOTAL ASSETS	1 334 694	1 335 077

EQUITY AND LIABILITIES

	2017	2016
	unaudited urevidert	
Equity		
Share capital	1 239	1 239
Share premium reserve	22 535	22 535
Treasury shares	-5	-5
Retained earnings	353 380	407 921
Non-controlling interest	100 248	54 502
Total equity	477 397	486 192
Non-current liabilities		
Deferred tax liability	12 115	36 645
Other provisions	27 542	-
Bond loan	86 885	103 728
Loans and borrowings, non-current	64 768	63 246
Liabilities to group companies	23 419	
Other long-term liabilities	2 250	3 434
Total non-current liabilities	216 978	207 052
Current liabilities		
Accounts payables	143 466	121 487
Taxes payable	8 001	5 919
Public duties payables	34 643	49 759
Construction loans	-	149 163
Bond loan (installments next period)	10 000	24 640
Loans and borrowings, current	23 891	6 993
Prepayments in excess of construction WIP	165 601	116 467
Other current liabilities	254 716	167 406
Total current liabilities	640 319	641 833
Total liabilities	857 297	848 886
TOTAL EQUITY AND LIABILITIES	1 334 694	1 335 077

- Net interest bearing debt: MNOK 95
- Working capital: MNOK 130
- Equity ratio: 35.8 %



Cash Flow

Negative CF from operations in 2017:

- Deficit in 2017
- Change in construction loans
- Changes in construction WIP
- Prepayments from customers

Negative CF from Investments in 2017:

- New investments

Negative CF from financing 2017:

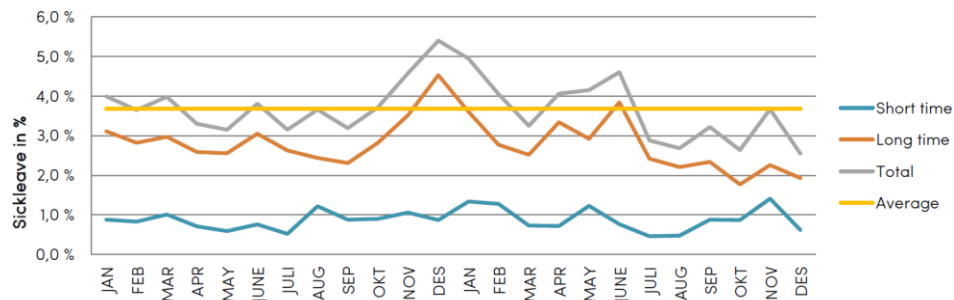
- Instalments on debt
 - 31 MNOK instalment paid on Bond loan
- Interest costs
- New long term debt

(NOK 1,000)	2017	2016
	unaudited	
	unevident	
CASH FLOW FROM OPERATIONS		
Profit/(loss) before tax	-74 419	-30 103
Taxes paid	-6 824	-3 173
Depreciation	29 178	28 425
Net interest income	8 232	8 299
Change in value financial derivatives	28 806	
Profit/loss disposals property, plant and equipment	-	484
Change in bond loan (amortization)	1 573	667
Impairment	6 730	77 356
Share of (profit)/loss from associates	8 322	50 614
Changes in inventory	111	-2 124
Net changes in construction loans	-149 163	61 876
Changes in accounts receivables/construction WIP	41 821	-125 934
Changes in accounts payable	20 204	-35 122
Changes in prepayments from customers	49 134	15 684
Changes in other current receivables/liabilities	21 914	46 607
Net cash flow from/(to) operating activities	-14 380	93 556
CASH FLOW FROM INVESTMENTS		
Investments in property, plant and equipment	-17 588	-5 534
Disposal of property, plant and equipment	-	2 900
Investment in intangible assets	-24 393	-19 143
Investment in financial assets	-18 309	-3 522
Disposal of financial assets	3 111	-
Dividends received	507	-
Interest income	6 282	7 750
Changes in long term receivables	13 568	119
Net cash flow used in investing activities	-36 823	-17 431
CASH FLOW FROM FINANCING ACTIVITIES		
New long term debt	35 596	-
Repayment non-current debt	-45 519	-14 388
Cost renegotiation bond loan	-1 643	-2 610
Cost conversion of bond loan	-	-1 401
Interest payment	-14 514	-16 049
Purchase/sale of treasury shares	270	-
Dividends	-	-251
Net cash flow from/ (used in) financing activities	-25 810	-34 699
Net change in cash and cash equivalents	-77 012	41 427
Cash and cash equivalents at start of the year	266 057	224 629
Cash and cash equivalents from merger in subsidiary	17 023	-
Cash and cash equivalents at end of the period	206 069	266 057
Restricted bank deposits at the end of the period	89 402	79 135
Available cash and cash equivalents at the end of the period	116 667	186 922



HSE / QA

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



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

Average sick leave

Last 24 months sick leave on 3.68 %

In 2017 sick leave on 3.56 %

Injuries resulting in absence from work

1 injurie during 2017



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