

# ↗ HAVYARD GROUP ASA

IR summary Q1 2017 - 29.05.17





# Headlines/Milestones Q1 2017

- EBIT of NOK 4.3 million and EBIT-margin of 1.17 % in first quarter of 2017.
- Project execution according plans.
  
- New contracts in first Quarter
  - Havyard Ship Technology AS
    - Declaration of option on a workboat for fish farming
  - Havyard MMC AS
    - Declaration of option on a complete fish handling system to Artic Aqua
  - Norwegian Electric Systems AS
    - New contract for delivery of hybrid electric systems to ferries
  - Havyard Production SP Zoo
    - Electrical work for STX France
  
- New contracts after end of first Quarter
  - Havyard Ship Technology AS
    - Contract for one pelagic trawler to France Pélagique (Delivery December 2018)
    - Contract for delivery of the worlds largest wellboat to Sølvrans (Delivery June 2019)





## Outlook

- Havyard has succeeded in its differentiation strategy, where we have developed and delivered products within the Energy, Fish and Transport Market. We have a strong market position in segments with good activity and are in close dialogue with customers in terms of new contracts.
- 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 there is a requirement for profitability on a stand-alone basis.
- Of the group's companies there will in 2017 be good activity in HPR and MMC FP, and increasing activity in HDS and NES. For HST, however, it will be low activity in 2017. The order backlog is increasing with profitable activity for the coming years and has good expectations for 2018 and especially 2019.





# Outlook - segments

## MMC First Process (MMC FP)

There is still high activity in the market for wellboats, 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 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.

## 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. Repairs and rebuilding will be the main activity in the second half of 2017, until increased activity levels towards the end of the year, as a result of previously signed contracts.

## Havyard Design & Solution (HDS)

Low activity in the first quarter of 2017, but activity will increase significantly due to new orders. HDS is working actively in new segments for delivery of design and equipment packages for both own and external shipyards.

## Havyard Production (HPR)

There is a great deal of activity in this area with expansion in Denmark and France in 2017. 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.



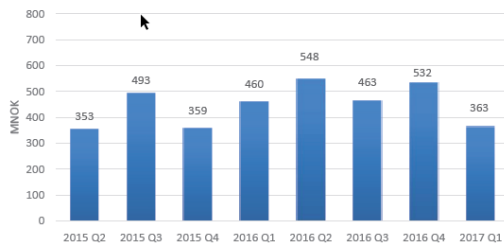


# Group Key Figures

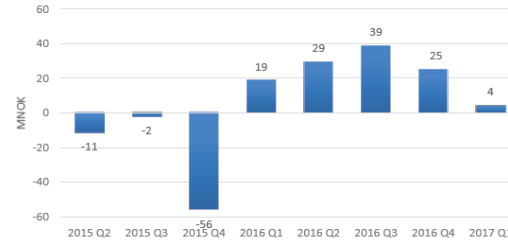
## Group Key Figures

(MNOK)	2017 Q1	2016 Q1	2016
Operating revenue	363	460	2 003
EBITDA	11	25	132
EBIT	4	19	104
EBIT-margin	1.17 %	4.06 %	5.17 %
Profit before tax	4	20	-30
Earnings per share	0.23	0.66	-1.58
NIBD	111	120	15
Working Capital	161	141	174

Operating revenue



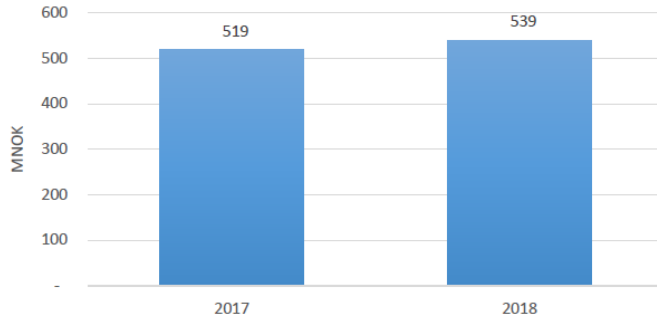
EBIT



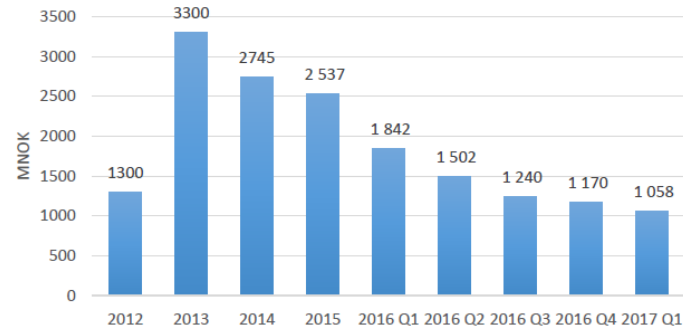


# Order backlog

Ordrebok / Order backlog per 2017 Q1



Ordrebok / Order backlog



- External order backlog of approx. MNOK 1.058 (Q4 1.170)
  - MNOK 519 in 2017
  - MNOK 539 in 2018
- New contracts after end of first Quarter > MNOK 1000 (per 29<sup>th</sup> of May)





# Figures per segment

(NOK million)	Ship Technology	Design & Solutions	Power & Systems	MMC	Havyard Production	Other	Havyard Group
Operating revenues, External	140.5	60.1	12.8	107.8	11.0	30.9	363.3
Operating revenues, Internal	0.1	2.0	10.9	13.4	37.9	-64.3	0
Total operating revenue	140.6	62.2	23.7	121.1	48.9	-33.4	363.3
<b>Operating profit /loss EBITDA</b>	<b>0.6</b>	<b>2.5</b>	<b>-1.9</b>	<b>9.1</b>	<b>1.3</b>	<b>-0.2</b>	<b>11.4</b>
Depreciation	3.1	0.9	1.2	1.7	0.2	0.1	7.1
<b>Operating profit/(loss) (EBIT)</b>	<b>-2.5</b>	<b>1.6</b>	<b>-3.0</b>	<b>7.4</b>	<b>1.1</b>	<b>-0.3</b>	<b>4.3</b>
Net financial items	-0.5	0.5	0.0	-0.9	-0.2	-1.9	-3.0
Profit/(loss) from associate	0	0	0	0	0	2.5	2.5
<b>Profit/(Loss) before tax</b>	<b>-3.0</b>	<b>2.1</b>	<b>-3.0</b>	<b>6.5</b>	<b>1.0</b>	<b>0.2</b>	<b>3.8</b>
Income tax expense	-0.7	0.5	-0.7	1.5	0.2	-0.5	0.2
<b>Profit/(Loss)</b>	<b>-2.3</b>	<b>1.6</b>	<b>-2.3</b>	<b>5.0</b>	<b>0.7</b>	<b>0.7</b>	<b>3.5</b>



# Balance sheet

ASSETS	2017 Q1 (unaudited / urevidert)	2016 Q1	2016
<b>Non current assets</b>			
Goodwill	103 045	100 527	103 045
Licenses, patents and R&D	91 205	79 858	89 236
Property, plant and equipment	239 140	248 716	234 615
Investment in associates	27 557	77 359	25 084
Loan to associates	23 080	19 470	22 090
Investment in financial assets	19 129	63 884	19 191
Other non current receivable	25 760	59 774	25 613
<b>Total non current assets</b>	<b>528 916</b>	<b>649 588</b>	<b>518 873</b>
<b>Current Assets</b>			
Inventory	114 911	54 157	114 903
Accounts receivables	159 274	298 200	157 296
Other receivables	48 289	109 876	53 919
Construction WIP	307 355	345 053	224 029
Cash and cash equivalents	184 533	227 708	266 057
<b>Total Current Assets</b>	<b>814 362</b>	<b>1 034 993</b>	<b>816 204</b>
<b>TOTAL ASSETS</b>	<b>1 343 277</b>	<b>1 684 581</b>	<b>1 335 077</b>

EQUITY AND LIABILITIES	2017 Q1 (unaudited / urevidert)	2016 Q1	2016
<b>Equity</b>			
Share capital	1 239	1 126	1 239
Share premium reserve	22 535	5 463	22 535
Treasury shares	-5	-5	-5
Retained earnings	413 396	459 658	407 921
Non-controlling interest	52 961	58 427	54 502
<b>Total equity</b>	<b>490 126</b>	<b>524 669</b>	<b>486 192</b>
<b>Long term liabilities</b>			
Deferred tax liability	36 779	38 090	36 645
Bond loan	93 248	149 520	103 728
Loans and borrowings, non-current	67 144	73 687	63 246
Other long-term liabilities	2 777	4 667	3 434
<b>Total long term liabilities</b>	<b>199 948</b>	<b>265 964</b>	<b>207 052</b>
<b>Current liabilities</b>			
Accounts payables	103 742	361 993	121 487
Taxes payable	4 949	2 013	5 919
Public duties payables	19 145	27 887	49 759
Construction loans	149 163	161 363	149 163
Bond loan (instalments next period)	33 914	0	24 640
Loans and borrowings, current	24 201	34 308	6 993
Prepayment from customers	105 286	154 026	116 467
Other current liabilities	185 804	152 420	167 406
<b>Total current liabilities</b>	<b>653 204</b>	<b>893 948</b>	<b>641 833</b>
<b>Total liabilities</b>	<b>853 152</b>	<b>1 159 913</b>	<b>848 886</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 343 277</b>	<b>1 684 581</b>	<b>1 335 077</b>

- Net interest bearing debt: MNOK 111
- Working capital: MNOK 161
- Equity ratio: 36,5 %





# Cash Flow

## Negative CF from operations in Q1:

- Changes in construction WIP  
(Use of own cash in construction process)

## Negative CF from Investments Q1:

- New minor investments
- Changes in long term receivables

## Negative CF from financing Q1:

- Instalments on debt
- Interest costs

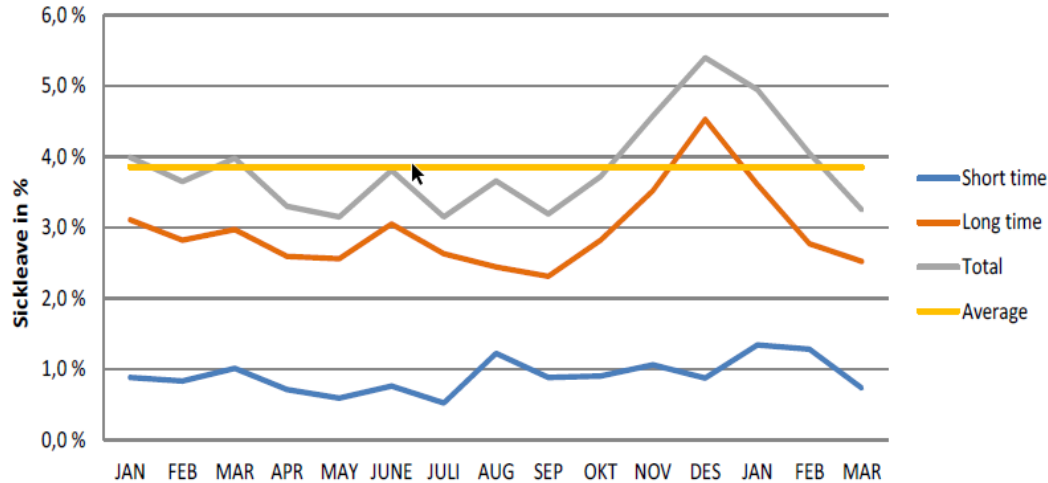
(NOK 1,000)	2017 Q1 (unaudited + reviewed)	2016 Q1	2016
<b>CASH FLOW FROM OPERATIONS</b>			
Profit/(loss) before tax	3 765	20 339	-30 103
Taxes paid	-969	-721	-3 173
Depreciation	7 149	6 313	28 425
Net interests	2 716	113	8 299
Profit/loss disposals property, plant and equipment	-	-	484
Change in bond loan (amortization)	436	400	667
Impairment of financial assets	-	-	77 356
Share of (profit)/loss from associates	-2 474	-1 668	50 614
Changes in inventory	-7	-4 082	-2 124
Net changes in construction loans	-	74 077	61 876
Changes in accounts receivables/construction WIP	-85 304	-325 157	-125 934
Changes in accounts payable	9 255	205 324	-35 122
Changes in prepayments from customers	-11 181	53 242	15 654
Changes in other current receivables/liabilities	9 985	-16 311	46 607
<b>Net cash flow from/(to) operating activities</b>	<b>-66 629</b>	<b>11 868</b>	<b>93 556</b>
<b>CASH FLOW FROM INVESTMENTS</b>			
Investments in property, plant and equipment	-9 809	-1 416	-5 534
Disposal of property, plant and equipment	-	-	2 900
Investment in intangible assets	-3 834	-2 488	-19 143
Investment in/disposal of financial assets	-	-859	-3 522
Purchase of subsidiaries	-	-	0
Interest income	1 189	1 335	7 750
Changes in long term receivables	-1 137	-1 422	119
<b>Net cash flow used in investing activities</b>	<b>-13 591</b>	<b>-4 850</b>	<b>-17 431</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New long term debt	7 036	623	-
Repayment long term debt	-2 795	-3 113	-14 388
Cost renegotiation bond loan	-1 643	-	-2 610
Cost conversion of bond loan	-	-	-1 401
Interest costs	-3 905	-1 449	-16 049
Dividends	-	-	-251
<b>Net cash flow from/ (used in) financing activities</b>	<b>-1 306</b>	<b>-3 939</b>	<b>-34 699</b>
<b>Net change in cash and cash equivalents</b>	<b>-81 525</b>	<b>3 079</b>	<b>41 427</b>
<b>Cash and cash equivalents at start of the period</b>	<b>266 057</b>	<b>224 629</b>	<b>224 629</b>
<b>Cash and cash equivalents at end of the period</b>	<b>184 533</b>	<b>227 708</b>	<b>266 057</b>
<b>Restricted bank deposits at the end of the period</b>	<b>74 166</b>	<b>85 904</b>	<b>79 135</b>
<b>Available cash and cash equivalents at the end of the period</b>	<b>110 366</b>	<b>141 804</b>	<b>186 922</b>





# HSE / QA

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



Sick leave gradually reduced last years.

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

Average sick leave

Last 15 months sick leave on 3.86 %

So far in 2017 sick leave on 4.08 %





## 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

