

HAVYARD GROUP ASA

IR summary Q2 2019 – 29.08.19





Headlines/Milestones Q2 2019

- EBIT per Q2 of MNOK – 38.8 (-2.5 %) / EBIT Q2 of MNOK – 49.5 (- 6.2 %)
- EBITDA per Q2 of MNOK – 13.2 (-4.8 %) / EBITDA Q2 of MNOK – 37.8 (- 0.8 %)
- Profit for the period per Q2 MNOK -40.9 (-2.6 %) / Profit for the period of Q2 MNOK -46.6 (-5.9 %)

- The Group's operating profit (EBIT) in the second quarter was strongly affected by new provisions related to two projects to be completed during Q4 2019 at Havyard Ship Technology. The other business areas deliver in line with expectations during the period.

- Major new contracts in second quarter
 - Delivery of 2+1 live fish carriers to Norsk Fisketransport in 2020 and 2021. The contracts includes Ship Design and major equipment supplies from Fish Handling and Power & Control.
 - Completion of previously cancelled project. Delivery of PSV ICE Q2.2020 to Atlantic Towing. The contract includes major equipment supply from Power & Control.

Financial update;

- An agreement was signed in July with the banks to ensure the completion of ships under construction and coming projects in 2019. New covenants have been agreed with acceptance of the Bondholders. In addition, there is an ongoing process of smaller loans so that the Group will be in "compliance" with its loan terms within short time.

- The formal sale and settlement of the company MMC FP was completed on July 5. The transactions give an estimated profit of MNOK 105, see note 12.





Group Key Figures

MNOK	2019 YTD	2018 YTD	2019 Q2	2018 Q2	2018
EBIT-margin	-2.50 %	0.07 %	- 0.63 %	0.89 %	-6.36 %
Earnings per share	-1.86	-0.95	-1.99	-0.78	-7.78
Assets	3,228	1,655	3,228	1,655	2,293
Equity	252	457	252	457	293
Equity ratio	7.2%	27.6 %	7.2%	27.6 %	11.3 %

Operating revenue / Driftsinntekter



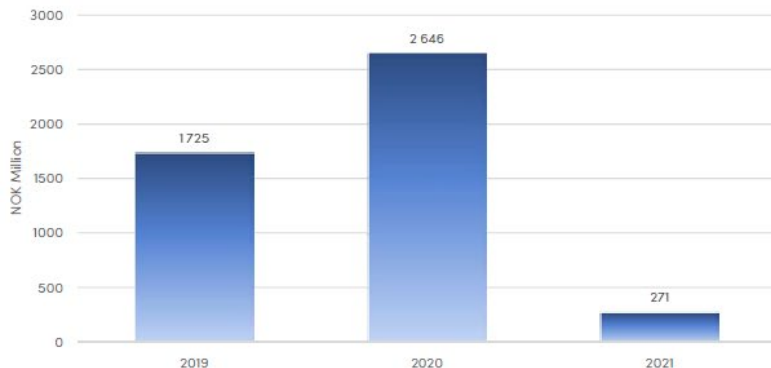
EBIT / Driftsresultat





Order backlog

Distribution order backlog / Fordeling ordrebok



Order backlog / Ordrebok



- External order backlog of approx. MNOK 4.651 (Q4 2018: 4.642)
 - 2019 - MNOK 1.725
 - 2020 - MNOK 2.646
 - 2021 - MNOK 271



Figures per segment

2019 YTD

(NOK million)

	Ship building Technology	Ship Design & Solutions	Power & Control	Fish Handling	Production & Services	Other	Havyard Group
Operating revenues, External	1 237,0	92,5	79,4	285,3		-116,1	1 578,1
Operating revenues, Internal	9,3	34,9	132,3	60,7		-237,3	0,0
Total operating revenue	1 246,3	127,5	211,7	346,0		-353,4	1 578,1
EBITDA	-66,6	24,0	-7,2	23,6		13,0	-13,3
Depreciation	6,4	8,9	4,3	3,9		1,9	25,5
Operating profit/(loss) (EBIT)	-73,0	15,1	-11,5	19,7		11,0	-38,8
Net financial items	-12,4	-2,4	3,3	-0,4		-2,3	-14,2
Profit/(loss) from associate	0,0	0,0	0,0	0,0		-1,8	-1,8
Profit/(Loss) before tax	-85,4	12,6	-8,2	19,3		8,7	-53,0
Income tax expense	-17,4	3,1	-1,8	4,2		-0,2	-12,1
Profit/(Loss)	-68,0	9,5	-6,4	15,0		8,9	-40,9



Balance sheet

ASSETS

	Note	2019 Q2 unaudited urevidert	2018 Q2	2018
Non-current assets				
Goodwill		82 559	141 003	141 003
Licenses, patents and R&D		89 671	111 151	98 323
Deffered tax benefit		20 628	0	0
Property, plant and equipment		177 135	205 237	203 236
Right of use assets	11	67 176	0	0
Investment in associates		27 804	18 628	27 605
Loan to associates		2 025	0	2 024
Investment in financial assets	7	23 540	27 180	23 546
Other non-current receivable		2 734	22 955	4 346
Assets classified as held for sale	12	94 461	0	0
Total non-current assets		587 733	526 155	500 083
Current Assets				
Inventory		68 131	128 564	151 854
Accounts receivables		205 529	165 350	193 567
Other receivables		184 939	125 002	245 115
Derivatives		1 624	0	0
Contract assets customer contracts		1 495 268	494 150	840 956
Assets classified as held for sale	12	219 353	0	0
Cash and cash equivalents		465 861	215 376	361 852
Total current assets		2 640 705	1 128 441	1 793 344
TOTAL ASSETS	3	3 228 438	1 654 595	2 293 428

Note	2019 Q2 unaudited urevidert	2018 Q2	2018
Equity			
Share capital		1 239	1 239
Share premium reserve		22 535	22 535
Treasury shares		-3	-5
Retained earnings		140 723	352 674
Non-controlling interest		87 881	80 281
Total equity	3	252 376	456 724

Non-current liabilities

Deferred tax liability			12 622	6 639
Derivatives		0	0	0
Bond loan		0	82 590	0
Loans and borrowings, non-current		0	103 977	0
Liabilities to parent company		0	3 506	0
Lease liabilities	11	58 431	0	0
Derivatives		0	0	0
Other long-term liabilities		7 357	1 107	9 221
Total non-current liabilities		65 788	203 802	15 861

Current liabilities

Accounts payables		518 417	221 679	298 077
Taxes payable	8	0	8 196	3 891
Public duties payables		78 083	39 701	68 597
Construction loans	10	952 726	279 630	668 642
Bond loan (installments next period)	10	85 000	10 000	90 000
Loans and borrowings, current	10	101 414	38 260	106 520
Contract liabilities		736 198	134 116	403 919
Lease liabilities	11	13 949	0	0
Derivatives		273	0	0
Other current liabilities		251 391	262 487	344 534
Liabilities classified as held for sale	12	172 823	0	0
Total current liabilities		2 910 274	994 070	1 984 178

Total liabilities	3	2 976 062	1 197 871	2 000 039
TOTAL EQUITY AND LIABILITIES		3 228 438	1 654 595	2 293 428



Cash Flow

(NOK 1,000)	2019 Q2	2018 Q2	2018
	unaudited urevidert		
CASH FLOW FROM OPERATIONS			
Profit/(loss) before tax	-40 927	-31 309	-203 899
Taxes paid		0	0
Depreciation	25 504	11 644	55 848
Net financial items	-12 369	7 159	57 274
Change in value financial derivatives	-6 870	-2 187	8 415
Change in bond loan (amortization)	-5 000	705	-141
Profit/loss disposals property, plant and equipm	0	141	-5 000
Impairment financial assets	0	18 645	29 252
Share of (profit)/loss from associates	1 841	3 779	-6 837
Changes in inventory	83 723	-13 380	-36 669
Net changes in construction loans	284 084	279 630	668 642
Changes in accounts receivables	-11 962	-29 273	-57 490
Changes in accounts payable	-654 312	78 213	-636 785
Changes in customer contracts, asset	220 340	-258 253	155 159
Changes in customer contracts, liability	332 279	-35 577	134 145
Changes in restricted desopits	6 700	10 781	-50 581
Changes in other current receivables/liabilities	-31 485	-21 720	64 525
Net cash flow from/(to) operating activities	191 547	18 998	175 858

Positive CF from operations per Q2.19:

- Activity level
- Change in construction finance

Negative CF from Investments per Q2.19:

- Changes in long term receivables (Leasing- long term)
- R&D activities

Negative CF from financing per Q2.19:

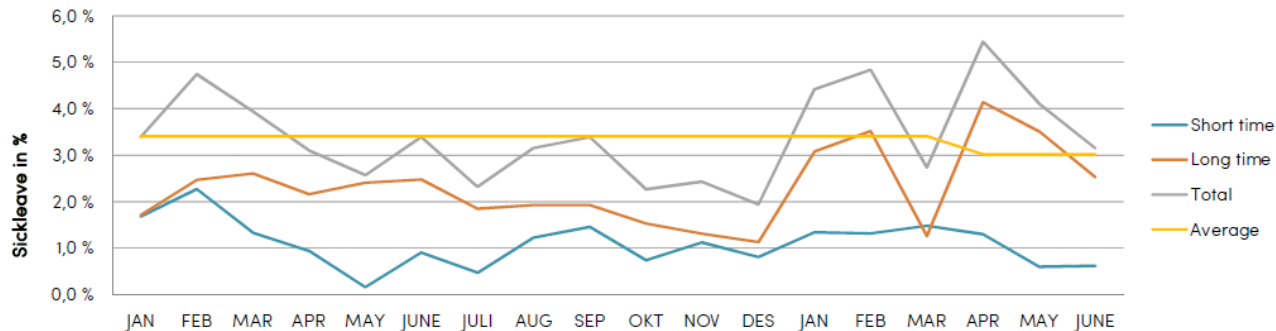
- Payment debt
- Repayment interest
- Repayment lease

	2019 Q2	2018 Q2	2018
	unaudited urevidert		
CASH FLOW FROM INVESTMENTS			
Investments in property, plant and equipment	0	-2 717	-12 691
Disposal of property, plant and equipment	0	24 000	24 000
Investment in intangible assets	-13 155	-7 918	-27 320
Investment in financial assets	0	-225	-225
Purchase of shares in subsidiaries	0	-55 0000	-55 000
Interest income	0	460	0
Changes in long term receivables	-41 077	-6 104	-22 660
Net cash flow used in investing activities	-54 232	-47 504	-93 896
CASH FLOW FROM FINANCING ACTIVITIES			
New long term debt	0	55 000	55 000
Repayment non-current debt	-3 637	-19 389	-24 868
Repayment of lease liabilities	-12 205	0	0
Payment of loan in subsidiary	0	20 000	20 000
Interest payment	-10 765	-7 016	-26 890
Net cash flow from/ (used in) financing activitie	-26 607	48 595	23 241
Net change in cash and cash equivalents	110 708	20 089	105 203
Cash and cash equivalents at start of the year	221 869	116 666	116 666
Cash and cash equivalents at end of the year	332 578	136 755	221 869



HSE / QA

SICK LEAVE GROUP 2018 AND 2019 / SYKEFRAVÆR KONERN 2018 OG 2019



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

Average sick leave

- Last 18 months sick leave at 3.41 %

- In 2019 sick leave at 4.12 % (Same level as first quartal in previous years.)

Injuries resulting in absence from work

- 2 injurie last 12 months



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