HAVYARD GROUP ASA

IR summary Q4 2018 – 28.02.19

Headlines/Milestones Q4 2018

- EBIT of MNOK -35,3 (-4,30 %) in fourth quarter of 2018 and EBIT of MNOK -33.9 (-1,42 %) in 2018.
- EBITDA of MNOK -0,03 (-0.003 %) in fourth quarter of 2018 and EBITDA of MNOK 21,9 (0,92%.) in 2018.
- Loss of MNOK -33.6 (4.1%) in Q4 and loss of MNOK -62.9 (-2,66%) in 2018.
- The Group's operating profit (EBIT) in the fourth quarter is negative, and below the target of positive operating profit. The main reasons are losses on external activity in the segment Production & Services, and the focus is shifted towards internal activity that is profitable and important for the group. The weak results in the segments Power & Control and Fish Handling are related to the restructuring and development of new products and services. Both segments have satisfied customers and a profitable order backlog.
- We have also made an additional depreciation of R&D which has resulted in a negative effect of MNOK 25 compared with 2017.
- **Considerable new contracts in fourth quarter**
  - Ship Design & Solutions
    - Declaration of option for Newbuild of one windfarm service vessels to Esvagt with design from Ship Design & Solutions.

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.

- Focus is to take synergies out for the 100% ownership in NES, continue the positive development on time, quality and cost in all projects and successful turn around in MMC FP.

- We experience increased market activity in all focus areas Energy, Fish and Transport.

- Historical high order backlog with profitable activity for the coming years.

Status and Outlook per Segments

Generally

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. Especially the contracts for design, construction and equipment deliveries of several ferries to Fjord 1, design for the Coastal route and design for smaller cargo ships show that we succeed with our investment in new areas.

The organization must be scalable and market oriented, where we can quickly focus on the areas in which we experience 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 MNOK 4.6 billions and will give profitable activity for 2019. It will be, especially, the segment Ship Design & Solutions who will be the largest contributor.

Fish Handling

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.

Power & Control

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. The acquisition of 100 % in Norwegian Electric Systems AS are based on an increased co-operation within the segment and with a goal of a merger between the company in the segments in 2019.

Shipbuilding Technology

Own knowledge of shipbuilding and close dialogue with hull yards abroad gives us valuable input in developing new designs and equipment from Power & Control and Fish Handling.

Ship Design & Solutions

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.

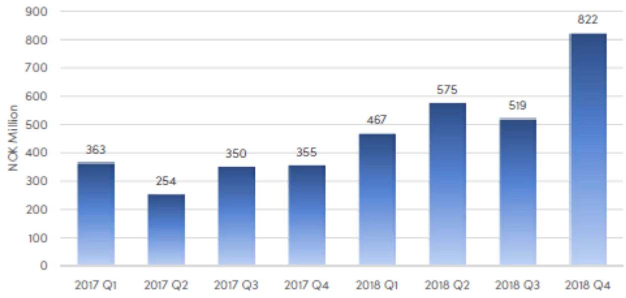
Production & Services

The company will secure increased competitiveness for the other business areas in Havyard as an important subcontractor. The increasing activity in the shipyard and offshore industry reinforces the need for good control of the supply chain.

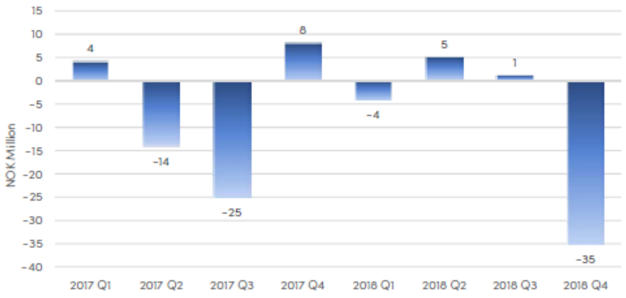
Group Key Figures

MMNOK	2018	2017	2018 Q4	2017 Q4
EBIT margin	-1,42 %	-2,05 %	-4,30 %	2,21 %
Earnings per share	-1,18	-2,1	-0,09	-1,66
Net interest bearing debt	-15	92,45	-15	92,45
Working Capital	104	102	104	102
Assets	2 242	1 337	2 242	1 337
Equity	416	481	416	481
Equity ratio	18,6 %	36,0 %	18,6 %	36,0 %

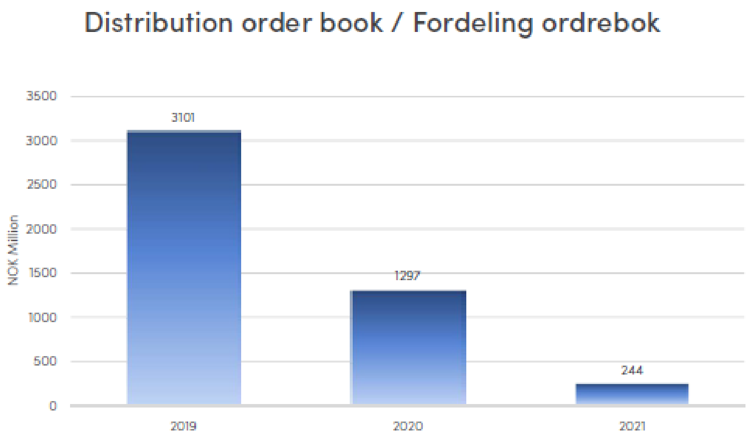
Operating revenue / Driftsinntekter

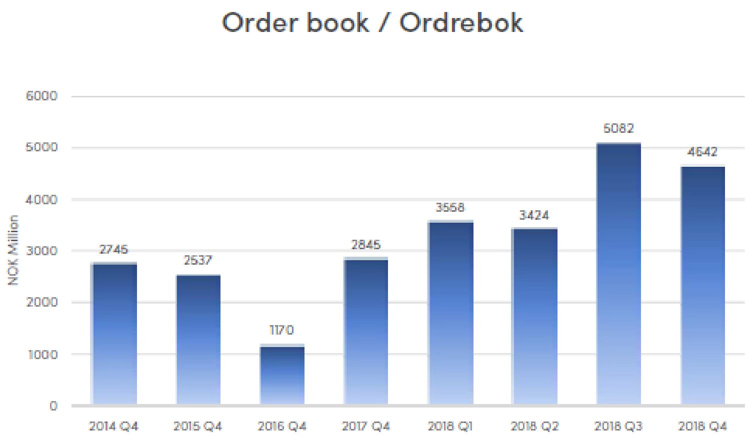


EBIT / Driftsresultat



Order backlog





- External order backlog of approx. MNOK 4.642 (Q4 2017: 2.845)
  - 2019 - MNOK 3.101
  - 2020 - MNOK 1.297
  - 2021 - MNOK 244

Figures per segment

HAVYARD
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2018

(MNOK)	Ship building Technology	Ship Design & Solutions	Power & Control	Fish Handling	Production & Services	Other	Havyard Group
Operating revenues, External	1 575,1	155,5	65,21	372,5	90,2	124,5	2 382,9
Operating revenues, Internal	28,32	88,9	332,36	34,9	137,1	-621,5	0,0
Total operating revenue	1 603,37	244,3	397,57	407,4	227,2	-497,0	2 382,9
Operating profit /loss EBITDA	**5,51**	**66,0**	**-25,00**	**11,9**	**-22,6**	**-13,9**	**21,9**
Depreciation	11,68	13,5	1,53	27,2	1,4	0,5	55,8
Operating profit/(loss) (EBIT)	-6,16	52,5	-26,53	-15,3	-24,0	-14,4	-33,9
Net financial items	2,41	4,7	-1,59	-5,4	-1,1	-40,8	-41,8
Profit/(loss) from associate	0,00	0,0	0,00	0,0	0,0	-6,7	-6,7
Profit/(Loss) before tax	-3,76	57,2	-28,12	-20,7	-25,1	**-55,2**	**-75,7**
Income tax expense	-1,04	13,0	-10,80	0,4	-0,8	-13,5	-12,8
Profit/(Loss)	**-2,72**	**44,2**	**-17,32**	**-21,1**	**-24,3**	**-41,7**	**-63,0**

Balance sheet

HAVYARD
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ASSETS

	2018 unaudited urevidert	2017
Non-current assets		
Goodwill	141 003	141 003
Licenses, patents and R&D	98 323	107 144
Property, plant and equipment	203 236	233 440
Investment in associates	15 570	22 407
Loan to associates	4 000	12 746
Investment in financial assets	27 186	27 603
Other non-current receivable	18 037	22 370
Total non-current assets	**507 356**	**566 713**
Current Assets		
Inventory	151 854	115 184
Accounts receivables	193 567	136 077
Other receivables	152 236	104 923
Customer contracts, assets	875 140	208 355
Cash and cash equivalents	361 852	206 068
Total current assets	**1 734 649**	**770 608**
TOTAL ASSETS	**2 242 005**	**1 337 321**

- Net interest bearing debt: MNOK -15*
- Working capital: MNOK 104
- Equity ratio: 18.6 %

** ex. Construction loans*

EQUITY AND LIABILITIES

	2018 unaudited urevidert	2017
Equity		
Share capital	1 239	1 239
Share premium reserve	22 535	22 535
Treasury shares	-3	-5
Retained earnings	310 076	356 930
Non-controlling interest	82 436	100 246
Total equity	**416 284**	**480 945**
Non-current liabilities		
Deferred tax liability	6 320	10 999
Derivatives	0	667
Bond loan	80 000	86 885
Loans and borrowings, non-current	101 272	63 366
Liabilities to parent company	0	23 419
Other long-term liabilities	7 689	2 250
Total non-current liabilities	**195 280**	**187 585**
Current liabilities		
Accounts payable	298 625	143 466
Taxes payable	0	8 196
Public duties payable	68 597	34 643
Construction loans	668 642	0
Bond loan (installments next period)	10 000	10 000
Loans and borrowings, current	7 909	23 196
Customer contracts, liabilities	310 088	175 943
Other current liabilities	266 581	273 346
Total current liabilities	**1 630 441**	**668 790**
Total liabilities	**1 825 722**	**856 375**
TOTAL EQUITY AND LIABILITIES	**2 242 005**	**1 337 321**

Cash Flow

	2018	2017
	unaudited urevidert	
CASH FLOW FROM OPERATIONS		
Profit/(loss) before tax	-75 713	-71 794
Taxes paid	-	-6 824
Depreciation	55 848	29 178
Net interest	57 312	12 114
Change in value financial derivatives	8 415	28 806
Change in bond loan (amortization)	-141	1 573
Profit/loss disposals property, plant and equipment	-5 000	-
Impairment financial assets	18 645	5 681
Share of (profit)/loss from associates	-6 712	2 677
Changes in inventory	-36 669	111
Net changes in construction loans	668 642	-149 163
Changes in accounts receivables	-57 490	26 148
Changes in accounts payable	-639 243	20 204
Changes in customer contracts, asset	155 159	15 674
Changes in customer contracts, liability	134 145	59 475
Changes in other current receivables/liabilities	-34 042	11 571
Net cash flow from/(to) operating activities	**226 438**	**-14 568**

Positive CF from operations in 2018:

- Loss before tax
- Accruals regarding projects

Negative CF from Investments in 2018:

- Neg.effect of investment in intangible assets
- Negative effect from purchase of shares in subsidiary

Positive CF from financing 2018:

- New long term debt
- New loan in subsidiary, presented as equity based on agreement.

	2018	2017
	unaudited urevidert	
CASH FLOW FROM INVESTMENTS		
Investments in property, plant and equipment	-12 691	-17 312
Disposal of property, plant and equipment	24 000	-
Investment in intangible assets	-27 320	-24 670
Investment in financial assets	-225	-18 310
Disposal of financial assets	-55 000	3 111
Dividends received	-	507
Interest income	-	2 210
Changes in long term receivables	-22 660	17 640
Net cash flow used in investing activities	**-93 896**	**-36 823**
CASH FLOW FROM FINANCING ACTIVITIES		
New long term debt	55 000	35 596
Repayment non-current debt	-24 868	-45 519
Payment of loan in subsidiary (see note 10)	20 000	-
Cost renegotiation bond loan		-1 643
Interest payment	-26 890	-14 324
Purchase/sale of treasury shares		270
Net cash flow from/ (used in) financing activities	**23 241**	**-25 619**
Net change in cash and cash equivalents	**155 783**	**-77 012**
Cash and cash equivalents at start of the year	**206 068**	**266 057**
Cash and cash equivalents from merger in subsidiary	-	17 023
Cash and cash equivalents at end of the period	361 852	206 069
Restricted bank deposits at the end of the period	139 983	89 402
Available cash and cash equivalents at the end of the period	**221 869**	**116 667**

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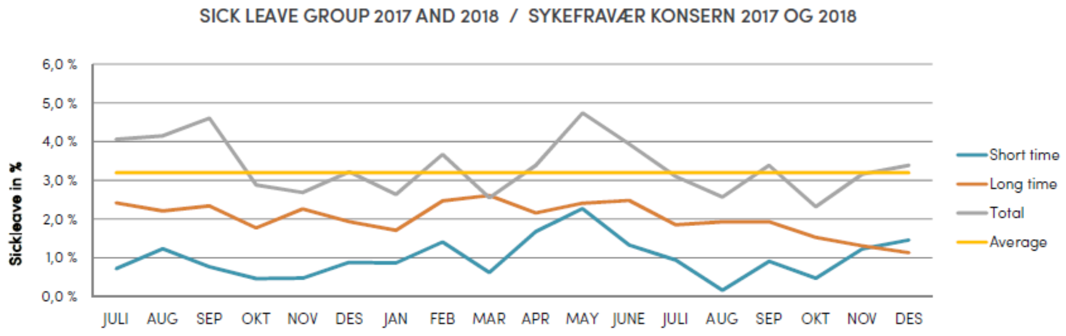
HSE / QA



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

Average sick leave

- Last 18 months sick leave on 3.02 %
- In 2018 sick leave on 3.05 %

Injuries resulting in absence from work

- 1 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