

Presentation Q2 2014

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Geir Johan Bakke

CEO





Agenda

- Headlines/ milestones Q2
- Outlook
- Main figures
- Detailed figures
- HES/ QA
- Questions





Headlines/Milestones Q2

- Delivery of newbuild no. 117, a live-fish carrier to Fosnavåg Shipping
- Delivery of the extensive rebuild of Havila Phoenix
- Signing of contract with Fafnir Offshore for newbuild no. 126, a Havyard 833 WE with planned delivery in mid-2015
- Purchase of the minority shares in Fish Handling & Refrigeration, securing further control of the value chain
- Realisation of NOK 80 million in financial investments
- Placed a 3 year unsecured bond loan of NOK 150 million on the Nordic ABM
- EBIT-margin of 3.8 % in first half of 2014
 - Adjusted for IPO cost, the EBIT-margin is 5.2 %
- Design and production of prototype vessels in offshore, fishing vessel and live-fish carrier market
 - Lower margins to introduce the designs to the markets
 - A part of a diversification strategy to increase the Groups long term competitiveness
- The EBIT-margin are negatively influenced by the fish and live fish-carrier segments
 - Measures have been taken to increase profitability, and Havyard have confidence that the fish and live fish-carrier segments will have a positive development and profitability going forward



Outlook

- Control of orders for the fishing and aquaculture market is key for short term performance
- Diversified customer base, both geographically and on different segments
- Strong foothold in emerging markets (Nigeria, offshore wind power)
- Positive market outlooks within offshore subsea and aquaculture
- Demands for cost reductions offshore enhances opportunities for new, cost effective technology
- EBIT-margin of approx. 5 % expected for 2014
- Additional dividend of NOK 60 mill for Q2 approved by the Board, subject to General Meetings Approval
- Quarterly dividends onwards 50 – 75 % of earnings as stated in dividend policy



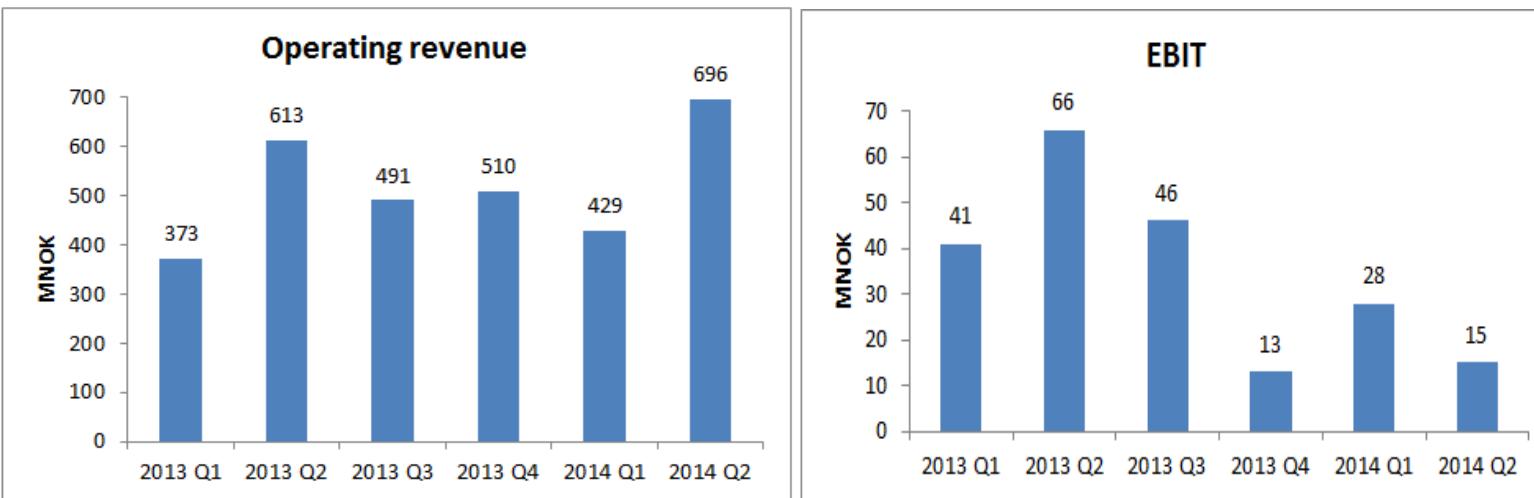
Main Figures

Group Key Figures

	2014 YTD	2013 YTD	2014 Q2	2013 Q2	2013
Operating revenue	1 125	986	696	613	1 987
EBITDA	53	115	21	70	199
EBIT	43 ¹	107	15 ¹	66	181
EBIT-margin	3.8 % ²	10.9 %	2.2 % ²	10.8 %	9.1 %
Profit before tax	43	109	15	67	190
Earnings per share	1.28	3.43	0.40	2.06	6.13
NIBD	143	99	143	99	8
Working Capital	213	137	213	137	102

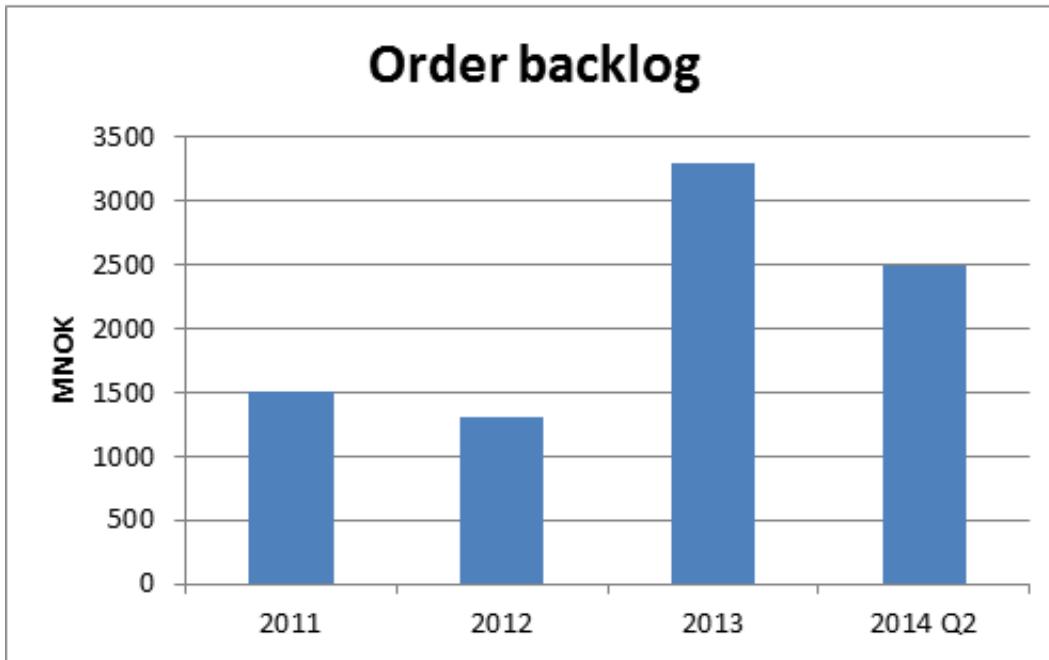
¹ EBIT for Q2 includes IPO costs of approx. NOK 15 million

² EBIT-margin for excluding IPO costs is 5.2 % YTD, and 4.3 % for Q2





Main Figures (cont.)



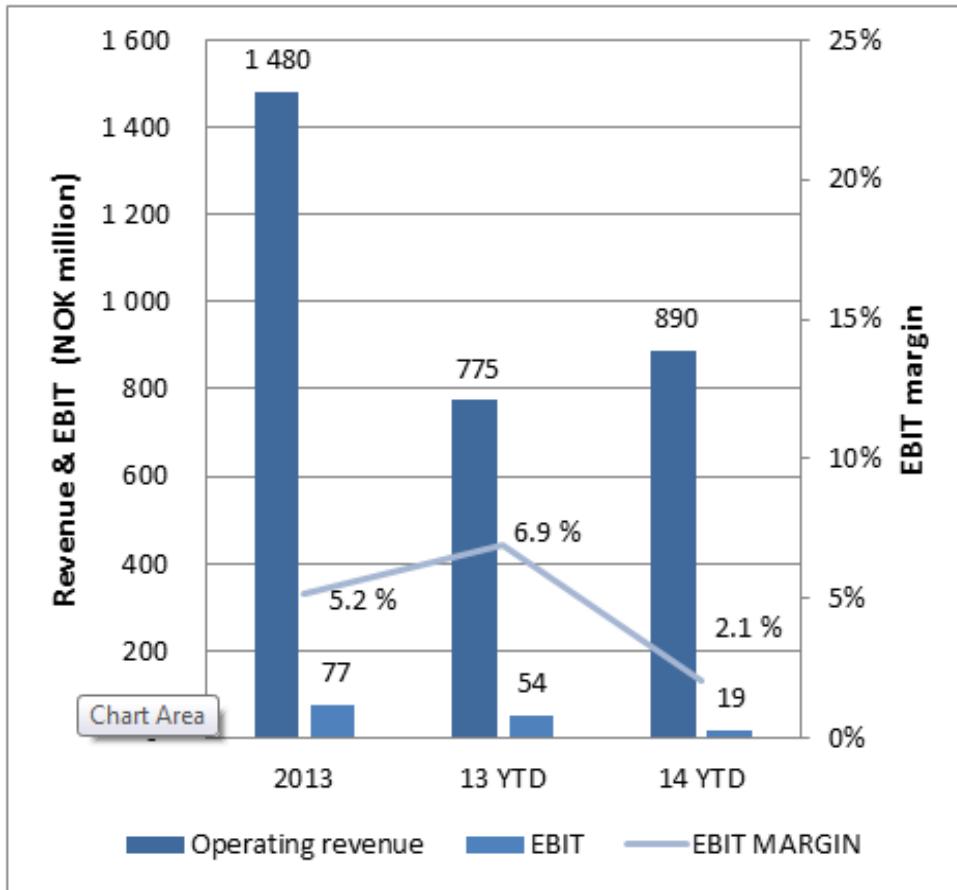
- Order backlog of approx. 2 500 million
- Secures capacity utilization for the coming periods



Detailed Figures

- segment information

Ship Technology



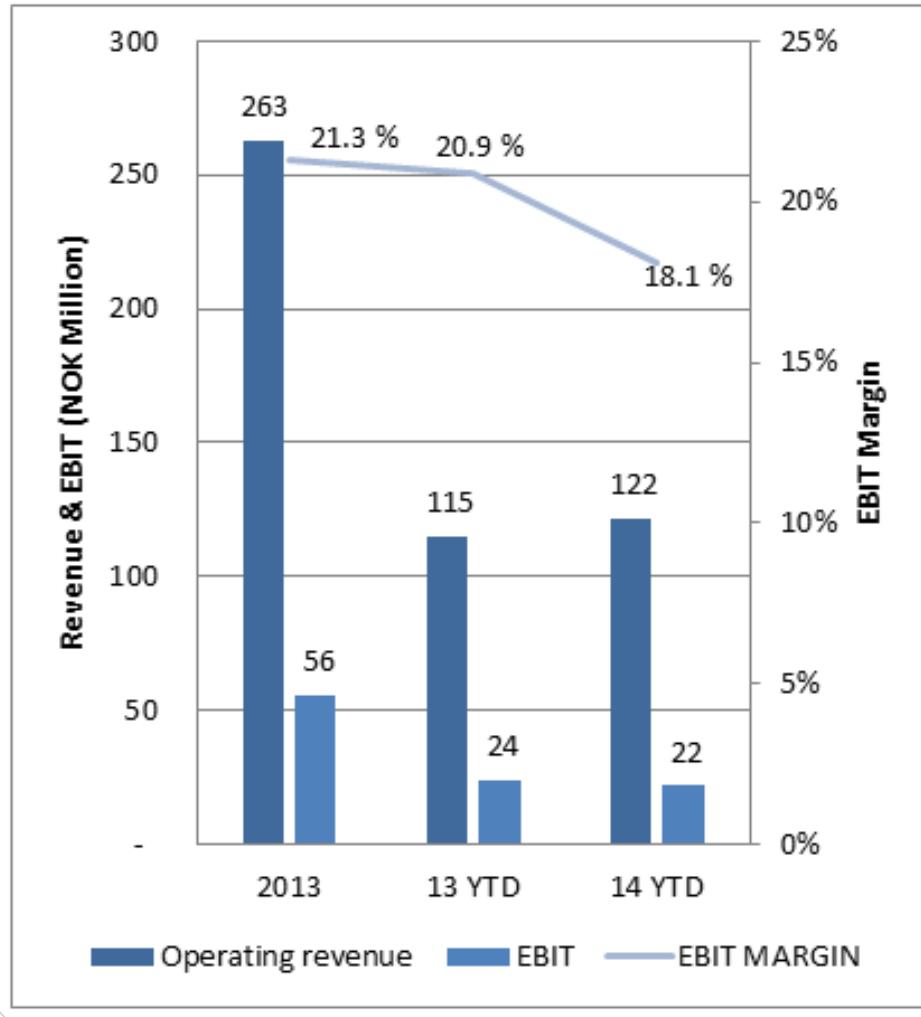
- Delivered
 - Live fish carrier, NB 117
 - Rebuild of Havila Phoenix
- Outfitting
 - 832 PSV Wave Edition, NB 120
 - 832 PSV, NB 116
 - 857 Subsea Vessel, NB 115
- Significant amount of prototype vessels lower margins
- Challenges in the fish and live-fish carrier segments
 - Measures have been taken



Detailed Figures (cont.)

- segment information

Design & Solutions



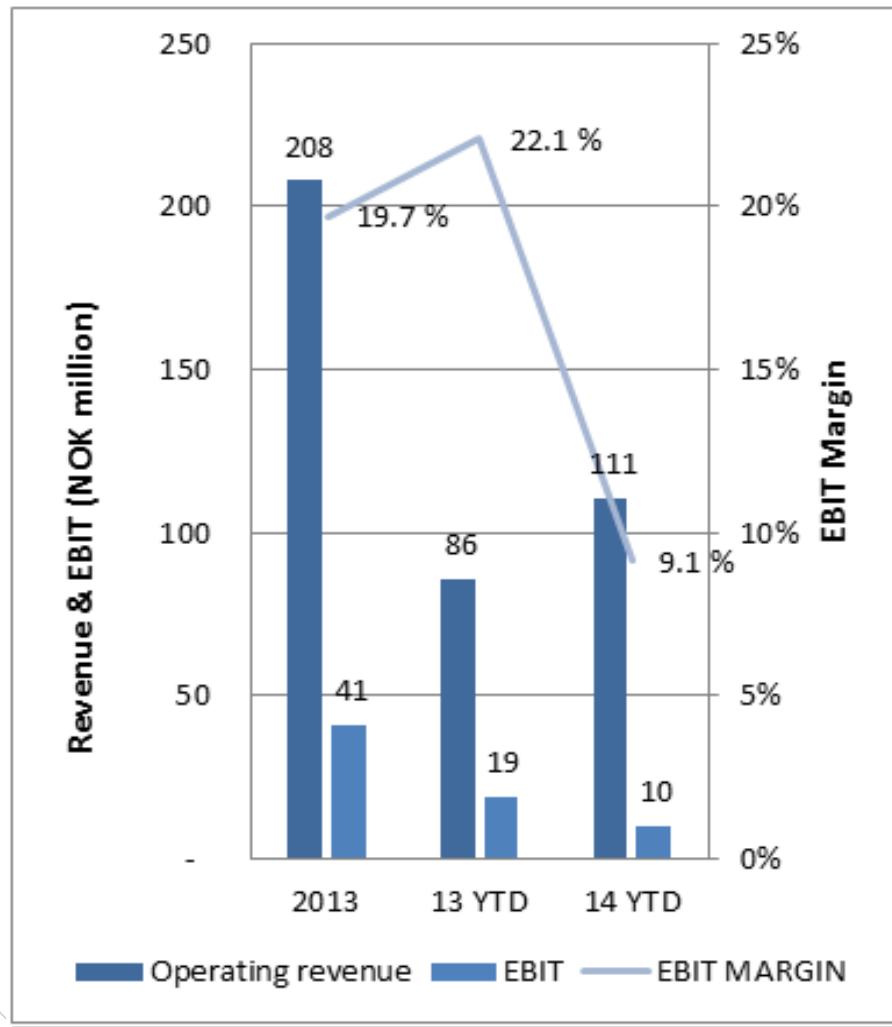
- Full capacity utilization
- Expanding capacity in Poland and Croatia



Detailed Figures (cont.)

- segment information

Power & Systems



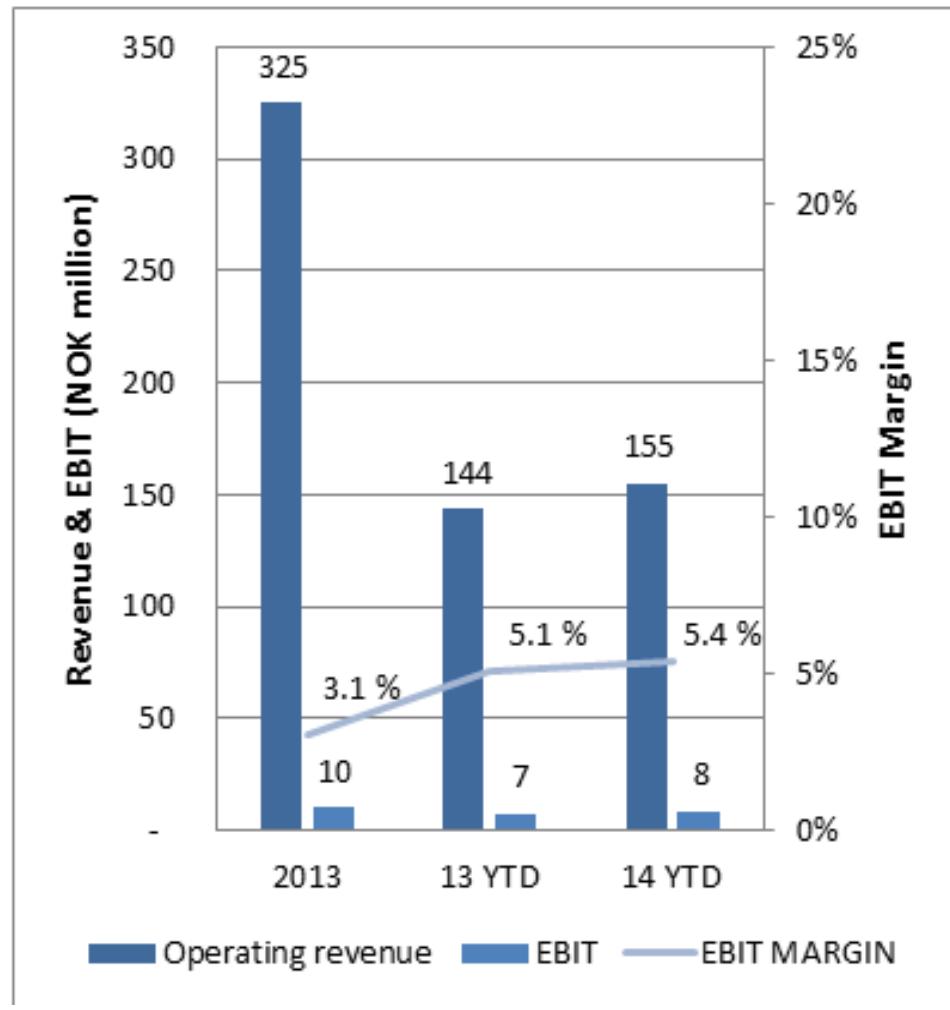
- Increased activity in Havyard Production & Service
- Lower margins due to restructuring effects
 - Electro installation incorporated in Ship Technology



Detailed Figures (cont.)

- segment information

Fish Handling & Refrigeration



- Fish Handling has seen reduced margins due to more complex projects in the aquaculture segment
 - Measures have been taken to increase profitability
- Restructuring process in Refrigeration gives positive effect



BALANCE SHEET

(NOK 1,000)

ASSETS	2014 Q2	2013
Non current assets		
Goodwill	23 918	23 918
Licenses, patents and R&D	45 555	41 483
Property, plant and equipment	256 855	240 167
Investment in associates	87 166	84 143
Loan to associates	14 058	15 185
Investment in financial assets	171 778	205 294
Other non current receivable	121 423	118 839
Total non current assets	720 753	729 028
Current Assets		
Inventory	34 593	38 872
Accounts receivables	57 276	82 122
Other receivables	104 046	139 553
Construction WIP in excess of prepayments	559 084	261 574
Cash and cash equivalents	213 745	281 381
Total Current Assets	968 744	803 501
TOTAL ASSETS	1 689 497	1 532 529
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(NOK 1,000)		
EQUITY AND LIABILITIES	2014 Q2	2013
Equity		
Share capital	1 126	1 126
Share premium reserve	5 462	5 462
Treasury shares	-16	-16
Retained earnings	649 312	640 865
Non-controlling interest	7 689	21 002
Total equity	663 573	668 439
Long term liabilities		
Deferred tax liability	55 851	45 227
Loans and borrowings, non-current	211 413	98 123
Other long-term liabilities	3 228	19 107
Total long term liabilities	270 492	162 457
Current liabilities		
Accounts payables	64 948	128 278
Taxes payable	30 172	57 903
Public duties payables	16 453	16 916
Construction loans	401 642	134 788
Loans and borrowings, current	33 074	43 183
Prepayments	143 743	232 802
Other current liabilities	65 400	87 765
Total current liabilities	755 432	701 634
Total liabilities	1 025 924	864 091
TOTAL EQUITY AND LIABILITIES	1 689 497	1 532 530

- Increasing activity in first half of 2014
- Prepayments received in 2013
- Bond Loan placed in June, MNOK 150
 - Refinancing of long term debt, MNOK 35
 - Purchase of minority shares in Fish Handling & Refrigeration, MNOK 25
 - Strengthening liquidity
- Net interest debt: MNOK 143
- Working capital: MNOK 213
- Equity ratio: 39 %
- Realisations in financial investments of MNOK 80



CASH FLOW

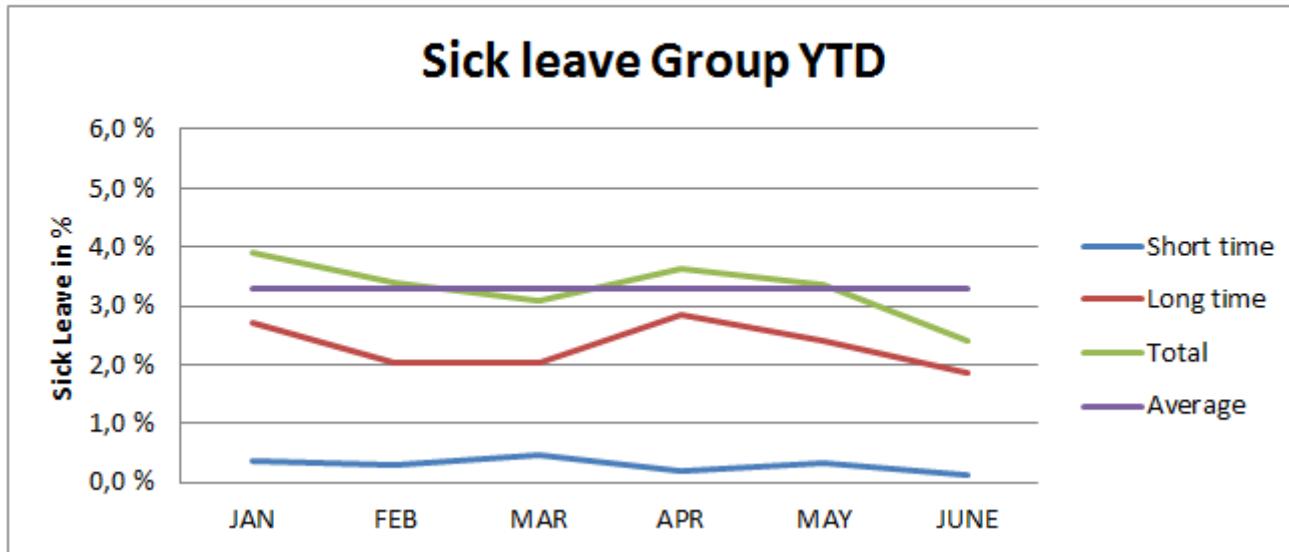
(NOK '000)	2014 YTD (Unaudited)	2013 YTD (Unaudited)	2014 Q2 (Unaudited)	2013 Q2 (Unaudited)	2013
CASH FLOW FROM OPERATIONS					
Profit/(loss) before tax	43 068	123 685	14 991	82 320	189 515
Taxes paid	-26 921	-40 428	-4 097	-19 704	-55 890
Depreciation	10 708	8 110	5 596	4 061	17 942
Share of (profit)/loss from associates	-5 013	-2 098	-3 105	-1 049	-4 196
Changes in inventory	4 279	11 917	-1 186	-771	17 514
Net changes in construction loans	257 483	118 306	75 270	122 272	-129 297
Changes in accounts receivables/construction WIP	-272 664	-113 565	-66 227	-129 536	184 018
Changes in accounts payable	-63 330	-36 337	-7 881	43 912	-18 612
Changes in other current receivables/liabilities	-82 111	-23 884	-104 270	-17 833	121 222
Net cash flow from/(to) operating activities	-134 501	45 706	-90 909	83 672	320 287
CASH FLOW FROM INVESTMENTS					
Investments in property, plant and equipment	-25 490	-17 720	-20 592	-14 958	-30 369
Investment in intangible assets	-5 728	-8 000	-3 961	-5 000	-22 994
Investment in/disposal of financial assets	46 011	-	46 011	-	-49 421
Changes in long term receivables	-1 457	-72 237	185	-71 347	-37 740
Net cash flow used in investing activities	13 336	-97 957	21 643	-91 305	-140 524
CASH FLOW FROM FINANCING ACTIVITIES					
New long term debt	146 400	7 437	146 400	1 361	16 845
Repayment long term debt	-42 684	-9 376	-36 929	-4 687	-18 754
Purchase of treasury shares	-	-	-	-	2 000
Purchase of minority shares in Havyard Fish Handling & Refrigeration	-25 191	-	-25 191	-	-
Dividends	-24 996	-	-4 163	-	-24 792
Net cash flow from/ (used in) financing activities	53 529	-1 939	80 117	-3 326	-24 701
Net change in cash and cash equivalents	-67 636	-54 189	10 852	-10 958	166 145
Cash and cash equivalents at start of the period	281 381	115 235	202 893	72 004	115 235
Cash and cash equivalents from purchase of subsidiaries					
Cash and cash equivalents at end of the period	213 745	61 046	213 745	61 046	281 381
Restricted bank deposits at the end of the period	112 115		112 115		148 206
Available cash and cash equivalents at the end of the period	101 630	61 046	101 630	61 046	133 175

- Several projects under construction in the first half of 2014
- Prepayments received in 2013
- Bond Loan placed in June



HES/ QA

HEALTH, SAFETY & SECURITY



- Sick leave gradually reduced during 2013 and 2014
- Total 21 injuries resulting in absense from work last 12 months
 - Average length of absence following injuries is 16.2 days
 - An extensive plan is implemented to reduce injuries and absence, and it includes subcontractors



↳ 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

