



# HAVYARD GROUP ASA

FOURTH QUARTER RESULTS 2014



## HAVYARD GROUP IN GENERAL

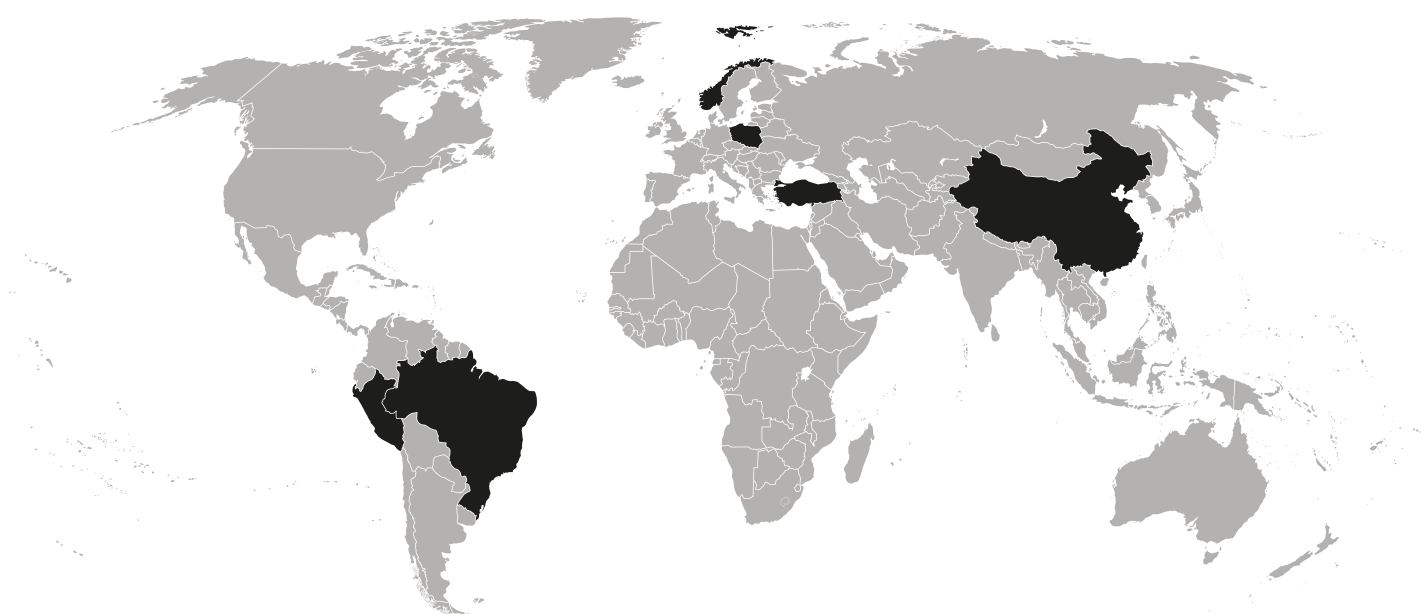
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**HAVYARD GROUP ASA** is a fully integrated Ship Technology company and delivers products and services within the complete value chain from vessel design to support of vessels in operation. We focus on having the best competence within all the vital segments of the value chain.

Our vision is Improving Life At Sea and the motivation for our employees is to add value to and improve the situation for all who use our products.

Havyard Group delivers ship designs, ship equipment and construction of advanced vessels for offshore oil production, fishing and fish farming for shipyards and shipowners worldwide.

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**DESIGN & SOLUTIONS**

HAVYARD DESIGN & SOLUTIONS AS, dep. Fosnavåg  
HAVYARD DESIGN & SOLUTIONS AS, dep. Stavanger  
HAVYARD DESIGN & ENGINEERING Poland  
HAVYARD DESIGN & ENGINEERING Rijeka d.o.o  
HAVYARD South America Ltda.  
HAVYARD China

**SHIP TECHNOLOGY**

HAVYARD SHIP TECHNOLOGY AS, dep. Fosnavåg  
HAVYARD SHIP TECHNOLOGY AS, dep. Leirvik  
HAVYARD SHIP TECHNOLOGY AS, dep. Turkey

**POWER & SYSTEMS**

HAVYARD POWER & SYSTEMS AS, dep. Ålesund  
HAVYARD PRODUCTION & SERVICE Sp. z o.o.

**FISH HANDLING & REFRIGERATION**

HAVYARD MMC FISH HANDLING AS, dep. Fosnavåg  
HAVYARD MMC REFRIGERATION AS dep. Vignra  
HAVYARD MMC REFRIGERATION AS dep. Tromsø  
HAVYARD MMC REFRIGERATION AS dep. Haugesund  
MMC GREEN TECHNOLOGY AS



## HIGHLIGHTS

- EBIT of NOK -13 million and EBIT-margin of -1.8 % in fourth quarter of 2014
- EBIT of NOK 46 million and EBIT-margin of 1.9 % for 2014
- Adjusted for IPO cost, the EBIT-margin is 2.5 % for 2014
- The EBIT-margin in Q4 are negatively influenced by prototypes
  - o Substantial cost overruns in the construction of the prototype fishing vessel which is to be delivered in Q2 15. All known and expected losses regarding this project are taken into account as of the fourth quarter of 2014.
  - o Cost overruns in construction of the first Havyard 832 SOV, delivered in Feb 15
  - o Cost overruns in the Fish Handling division
    - Related to a few complex projects that is in its last phase. All known and expected losses regarding these projects are taken into account as of the fourth quarter 2014
- Realisation of investments of NOK 56.2 million in Q4 2014
- Delivery of newbuild no. 116, an Havyard 832 PSV
  - o Vessel nr. 8 to Global Offshore
- Delivery of newbuild no 115, an Havyard 857 Subsea vessel
  - o First vessel to Nigerian customer Marine Platforms Limited
- New contract for building of two more Havyard 843 ICE-breakers to existing customer FEMCO signed in November
  - o Total contract value of approx. NOK 1 000 million
- New contract for building of one more Havyard 832 SOV - windmill service vessel to existing customer ESVAGT signed in December
- The new contracts are repeats of vessels developed in 2014 and shows that the Group are starting to take effect of the prototype investments
  - o Repeat contracts with profit margins in line with long term profitability goal
  - o Gives visibility in production and order book for 2015 and 2016

## DIVIDEND

- Dividend of NOK 0.45 per share approved by the Board of Directors, payment in March
  - o Ex div date 02.03.15
- Total dividend of NOK 3.58 since IPO in July 2014

## SUBSEQUENT EVENTS

- Delivery of newbuild no. 118 to ESVAGT AS
  - o The first of three Windmill service vessels to this customer
- Purchase of controlling share in Norwegian Electric Systems
  - o Securing control of larger parts of the value chain
- Due to the current market situation Havyard Group ASA and Fafnir Offshore have agreed to postpone delivery of the Havyard 833 WE ICE from Q3 2015 to Q1 2016
  - o The postponement will result in a more optimal production plan at the ship yard in Leirvik, and the effect on the 2015 result will be very limited

## OUTLOOK

- Offshore market in general effected by declining oil price and investments
  - o Gives the opportunity for increasing cost-efficiency and continuing the long term diversification strategy
- Havyard have had a diversification strategy for the last two years resulting in a diversified customer base, and are well prepared to meet the challenges in the offshore market
  - o Established and proven design in the windmill service vessel market
  - o Leading provider of ICE-breaker vessels
  - o Established position in the aquaculture market
    - A market in growth and not correlated with oil price
- Large investments in prototypes in 2013 and 2014 are expected to give effect in 2015 and 2016
  - o Repeat contracts are signed and repeat effect give increased profitability
- Quarterly dividends of 50-75 % of net earnings as stated in dividend policy





## HAVYARD 832 SOV WINDMILL SERVICE VESSEL







## FINANCIAL SUMMARY

**Financial result Havyard Group**

MNOK	2014	2013	Q4 14	Q4 13
Operating revenues	2 411	1 987	737	480
Cost of sales	1 764	1 352	591	338
Payroll expences	415	312	117	87
Other operating exp.	165	124	38	37
Operating expences	2 344	1 788	746	462
<b>EBITDA</b>	<b>67</b>	<b>199</b>	<b>-9</b>	<b>18</b>
Depreciation	21	18	4	5
<b>EBIT</b>	<b>46<sup>1</sup></b>	<b>181</b>	<b>-13<sup>1</sup></b>	<b>13</b>
Net financial	0	9	-2	3
<b>Profit before tax</b>	<b>46</b>	<b>190</b>	<b>-15</b>	<b>16</b>

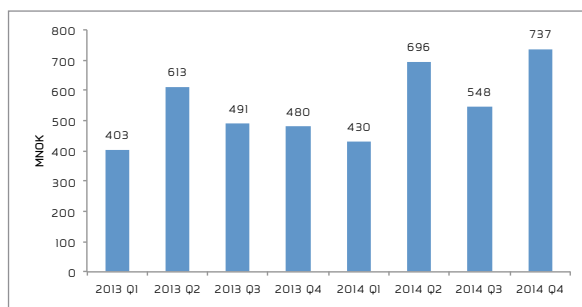
<sup>1</sup>The EBIT for 2014 includes cost for the IPO of approx. NOK 15 million



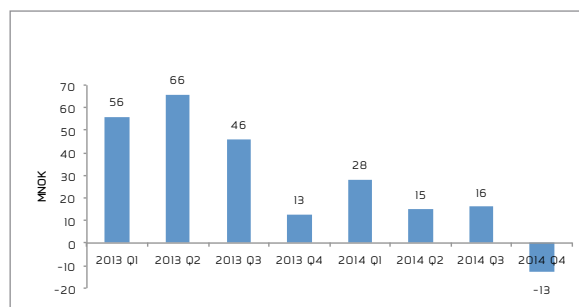
## Group Key Figures

	2014	2013	Q4 14	Q4 13
Operating revenue	2 411	1 987	737	480
EBITDA	67	199	-9	18
EBIT	46 <sup>2</sup>	181	-13	13
EBIT-margin	1.9 % <sup>3</sup>	9.1 %	-1,8 %	2.7 %
Profit before tax	46	190	-15	16
Earnings per share	1.38	6.13	-0.52	0.45
NIBD	167	8	167	8
Working Capital	164	102	164	102

## Operating revenue



## EBIT



<sup>2</sup> The EBIT for 2014 includes cost for the IPO of approx. NOK 15 million

<sup>3</sup> Adjusted EBIT-margin excluding the IPO costs is 2.5 %



## INCOME STATEMENT

The operating revenue for the Group in the fourth quarter of 2014 was NOK 737.4 million, compared to NOK 479.7 million in the corresponding period of 2013. The increase is mainly due to increased activity at the yard in Leirvik. There have been up to four vessels for outfitting at the same time in the fourth quarter 2014. The operating revenue of 2014 was NOK 2 410.8 million, compared to NOK 1,986.9 million in the corresponding period in 2013.

For the fourth quarter of 2014, the Group recorded earnings before interest and tax (EBIT) of NOK – 13.0 million, while the EBIT for the fourth quarter of 2013 was NOK 12.8 million. The EBIT margin in the fourth quarter of 2014 is –1.8 % compared to 2.7 % in the fourth quarter of 2013. The EBIT in 2014 was NOK 46.1 million compared to NOK 180.6 million in 2013. The EBIT-margin for 2014 is 1.9 % compared to 9.1 % in 2013.

The margins for 2014 and for fourth quarter especially, were negatively affected by a higher than normal portion of the activity being related to construction of vessels with new designs. These designs typically have higher production costs than repeat construction of existing and well-known designs. Some of the contracts executed had also been entered into in a more challenging market environment and had lower margins as effect thereof. The Ship Technology segment has had very high activity, and this combined with a complex order backlog that includes several prototypes is the main explanation of the negative results. It was primarily the Havyard 535 fishing vessel and the first Havyard 832 SOV vessel that contributed to the negative EBIT-result in the fourth quarter of 2014. All known and expected losses have been taken into account as of the fourth quarter of 2014.

Another explanation of the weak development in the fourth quarter of 2014 is that the Fish Handling and refrigeration segment have had significant cost overruns on a few larger projects that are in their final phase at the end of 2014. All known and expected losses have been taken into account as of the fourth quarter of 2014.

The income statement for 2014 is also negative influenced by costs regarding the Initial Public Offering (IPO). These costs include fees to the facilitators, fees to Oslo Børs, legal costs and costs to consultants. Total costs in 2014 related to the IPO are approximately NOK 15 million.

The EBIT-margin for the Group excluding the IPO costs is 2.5 %.

## FINANCIAL POSITION

The total assets in the Group have increased from NOK 1,532.5 million to NOK 1,740.6 million from the year end 2013 to the end of 2014. The increase is mainly due to increased activity at the balance date which gives higher amount of work in progress and construction loans.

The total equity has decreased from NOK 668.4 million to NOK 599.8 million mainly due to total dividend of NOK 95 million. The equity ratio has decreased from 44 % in the end of 2013 to 34 % in the fourth quarter of 2014 mainly due to the increase in total assets and payment of dividends.

Investments in financial assets and investments in associates decreased from NOK 423.5 million at year end 2013 to NOK 349.5 million at the end of 2014, mainly reflecting the sale of the Groups share in Forland Subsea AS and the realization of a loan to a customer. Investments in property, plant and equipment of NOK 42.6 million are conducted in 2014, and are related to new administration building in Leirvik and investments to keep the production facilities up to date.

Current assets have increased from NOK 803.5 million in the end of 2013 to NOK 1,043.7 million in the fourth quarter of 2014. The reason is higher activity at the ship yard, and thereby higher amount of work in progress in the balance sheet.

Total liabilities are NOK 1,140.9 million in the fourth quarter of 2014, compared to NOK 864.1 million in 2013. The main reason for the increase is higher construction loans following increased activity.

## CASH FLOW

Aggregate cash flow from operating activities is negative with NOK 144.9 million in the first to fourth quarter of 2014, compared to a positive cash flow of NOK 320.3 million in 2013. The reason for the reduction is mainly that for several of the projects under construction in 2014, the prepayments have been received in previous periods but the main parts of the work have been conducted in 2014. The order intake in 2013 was high, giving many projects in early stages and significant advances from customers at the year end of 2013. There was only one ship under outfitting at the ship yard in Leirvik at the end of 2013. The advances and low values on work in progress gave a positive cash flow from operating activities in 2013 and a negative effect in 2014. These periods and effects have to be seen in relation to each other. For Q4 14 the cash flow is negative with NOK 57.5 million.

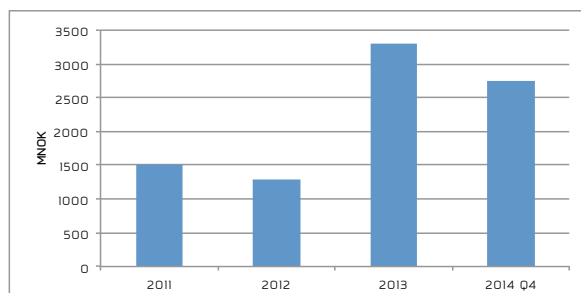
Aggregate cash flow from investing activities was positive with NOK 68.9 million in Q1-Q4 of 2014, compared to a negative cash flow NOK 140.5 in 2013. The cash flow from investments in 2014 is mainly a result of the following factors:

- Negative effect of investment in a new administration building in Leirvik of approximately NOK 22 million. Loan of NOK 15 million related to the administration building received in 2015, and will give positive effect on cash flow in Q1 15
- Negative effect of NOK 15 million in other investments in the production facilities
- Positive effect of the sale of the investment in Forland Subsea AS at cost price of approx. NOK 46 million
- Positive effect of repayment of loan from P/f 6. September and Skansi Offshore of approx. NOK 89 million

For the fourth quarter of 2014 the cash flow from investing activities is positive with NOK 38.1 million. It is first and foremost the repayment of the loan from P/f 6. September and Skansi Offshore of approx. 56 million that contributes to the positive cash flow from investing activities. Investments in production facilities are affecting the cash flow from investing activities negatively with NOK 10 million in the fourth quarter of 2014.

Aggregate cash flow from financing activities are negative with NOK 10.9 million in Q1-Q4 of 2014, compared to a negative cash flow of NOK 24.7 million in 2013. The cash flow is mainly a result of the placement of an unsecured bond loan of NOK 150 million on the Nordic ABM. The cash flow from financing activities is negative affected by repayment of long term debt of NOK 43 million, payment of dividend of NOK 95 million and the purchase of the minority shares in Havyard MMC of NOK 25 million.

#### ORDER STATUS, DELIVERIES AND BACKLOG



Order backlog

The order book is approximately NOK 2,770 million as of the fourth quarter of 2014. This is a satisfactory level at the present moment. NOK 1 570 million are related to work in 2015, while NOK 1 200 million are related to 2016.

In the fourth quarter of 2014, the Group has signed contracts a new contract for building of two Havyard 843 Icebreakers for the existing customer Femco. The total contract value of this contract is approximately NOK 1,000 million.

In addition, a contract for building of another Havyard 832 SOV to the existing customer ESVAGT was signed in December 2014.

Two vessels were finalized during the fourth quarter of 2014:

- Newbuild no. 115, a Havyard 857 Subsea vessel to the Nigerian customer Marine Platforms Limited. This was the first vessel delivered to this customer
- Newbuild no. 116, a Havyard 832 Platform Supply Vessel to our long term customer Global Offshore. This is vessel no. 8 delivered to this customer

For 2015 and 2016, the order backlog includes one PSV, three Service Operation Vessel (SOV), three AHTS Icebreakers, one fishing vessel and one live fish carrier.

In addition to this, the order backlog includes design contracts and equipment packages, both to domestic and foreign costumers for vessels built at yards worldwide.

Deliveries from the segments Fish Handling and Refrigeration and Power & Systems are also included in the order backlog. These orders include design, engineering and equipment for live-fish carriers, refrigeration systems, and control and automation systems for ships.

More information regarding the order backlog and status is found under each segment.

## SEGMENTS

### SHIP TECHNOLOGY

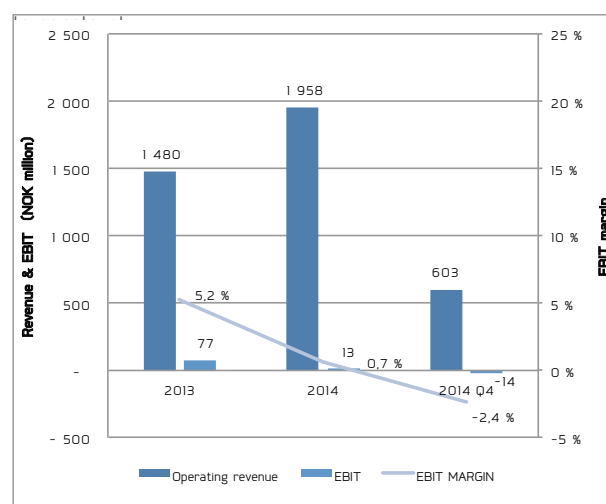
The operating revenue was NOK 1 958.0 million in 2014, compared to NOK 1 479.8 million in 2013. This significant increase in operating revenue reflects very high activity at the ship yard in Leirvik with 7 vessels in the outfitting phase during 2014. The operating profit (EBIT) 2014 was NOK 13.2 million, a significant decline from NOK 77.5 million in 2013. The EBIT margin has been reduced from 5.2 % in 2013 to 0.7 % in 2014. The revenue in the fourth quarter of 2014 was NOK 602.9 million, with a negative EBIT result of NOK 14.4 million. This corresponds to a negative EBIT-margin of 2.4 %.

The following vessels have been docked in the ship yard in Leirvik for the outfitting phase during 2014:

- Hull no. 117, a prototype live fish carrier of the Havyard 587 design. Delivered in April 2014
- Hull no. 120, a prototype vessel of Havyard 832 Wave Edition design. Delivered in September 2014
- Hull no. 115, a Havyard 857 subsea vessel. Finalized in November 2014
- Hull no. 116, a Havyard 832 PSV. Delivered in November 2014.
- Hull no. 118, a prototype windmill support vessel. Delivered in February 2015
- Hull no. 119, sister ship of 118. Planned delivery in March 2015

The rebuild of Havila Phoenix has also contributed to the revenue in 2014. Hull no. 121 a fishing vessel of the Havyard 535 design and Hull no. 124 a live fish carrier of the Havyard 587 design also has result effect.

Havyard 587, Havyard 535, the windmill support vessel and the 832 Wave Edition are prototype vessels, and the production of these prototypes has contributed to a significant part of the EBIT margin decline in 2014 compared to 2013. The reason for this decline is partly that such designs are sold at a lower price to introduce them to new and existing markets, and partly that these designs are more complicated



than conventional designs. The introduction of the prototype vessels are a part of a diversification strategy in Havyard, and must be considered a long term investment in the future competitiveness of the Group.

For 2014, the fourth has a significant weaker result than in the previous quarters. Very high activity combined with a complicated order book with prototypes is the main explanation for the margin decline. In the fourth quarter, the Havyard 535 fishing vessel and the first Havyard 832 SOV windmill support vessel is the primary contributors to the negative result. All known and expected losses are taken into account as of the fourth quarter of 2014.

The order backlog as of the fourth quarter of 2014 is NOK 2 570 million. The order backlog includes one PSV, three Service Operation Vessel (SOV), three AHTS Icebreakers, one fishing vessel and one live fish carrier.

## SEGMENTS DESIGN & SOLUTIONS

The fourth quarter of the Design & Solution segment was characterized by close to full capacity utilization on both internal and external projects. The progression in the projects is overall satisfactory. Some of the prototype projects have higher time consumption than budgeted, and some of the external projects are below budgeted time consumption.

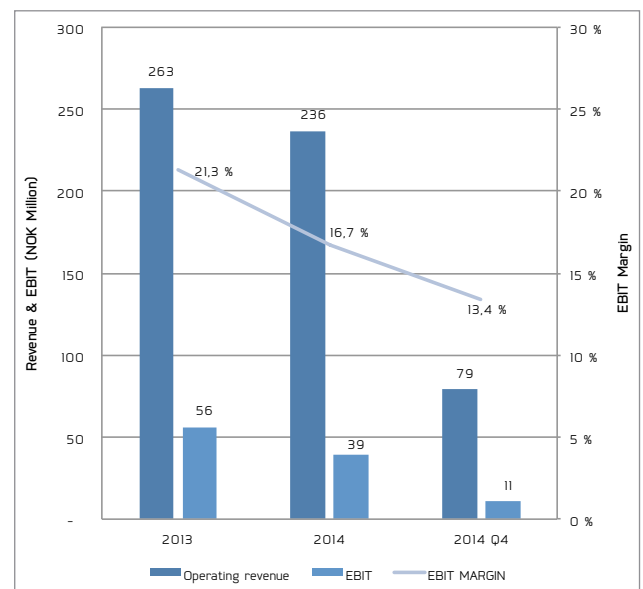
The deliveries and EBIT-contribution of equipment packages are larger in the fourth quarter than in the previous quarters, and the operating revenue in the fourth quarter is therefore as high as NOK 79 million.

For 2014, the operating revenue is NOK 236.5 million. This is a decline of NOK 26.0 million from 2013. The reason for this is mainly higher value on deliveries of equipment packages in 2013 than in 2014.

The operating result (EBIT) for 2014 is NOK 39.4 compared to NOK 55.7 in 2013. The EBIT-margin has declined from 21.3 % in 2013 to 16.7 % in 2014. The main reason for the decline in EBIT and EBIT-margin is a lower share of work on external projects than in 2013.

The operating result (EBIT) for the fourth quarter of 2014 is NOK 10.6 million, and the EBIT-margin is 13.4 %. This is significant lower than the previous quarters and also lower than in the corresponding period of 2013. The reason for the lower margin in Q4 2014 is mainly higher activity in equipment deliveries than in previous periods and higher hour consumption on prototype projects than in previous quarters.

Total order backlog for this segment is approximately NOK 170 million, where approximately NOK 30 million is internal deliveries. Total external order backlog is NOK 140 million.





## SEGMENTS

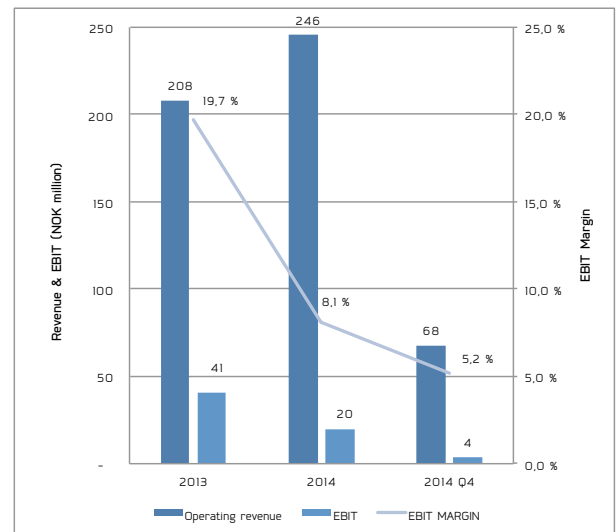
### POWER & SYSTEMS

The Power & Systems segment has increased the operating revenue by NOK 37.8 million to NOK 246.1 million in 2014 compared to NOK 208.3 million in 2013. This reason for the increase in revenue is mainly the increasing activity in the subsidiary Havyard Production & Service (HPR). This company supplies Ship Technology with electricians, plumbers and other types of labor needed in ship outfitting. The growth of HPR is a part of the strategy in Havyard to take control over larger parts of the value chain. Of the total segment revenue of NOK 246.1 million, HPR contributes with NOK 165.6 million.

The operating profit (EBIT) is NOK 20.0 million compared to NOK 40.9 million in 2013. This reflects the lower margins in the expanding Havyard Production & Service subsidiary compared to the other parts of the Power & Systems segment, and explains the drop in EBIT margin from 19.7% in 2013 to 8.1% in 2014. Another explanation the the margin decline is a restructuring in 2014, where electro installation is moved to the Ship Technology segment. The EBIT-margin in this part of the operations was relatively high in 2013.

In the fourth quarter of 2014, the operating revenue was NOK 67.5 with an operating profit of NOK 3.5 million. This corresponds to an EBIT-margin of 5.2%. The main reason for the lower EBIT-margin is cost overruns on two prototype projects.

The order backlog for the Power and systems segment is NOK 150 million, where NOK 130 million is internal deliveries to the Ship Technology and Design & Solution segments. The external order backlog is NOK 20 million.



## SEGMENTS

### FISH HANDLING & REFRIGERATION

The operating revenue has decreased from NOK 325.4 million in 2013 to NOK 296.1 in 2014. The decrease of NOK 29.3 million is mainly related to the Peruvian branch office. The figures from Peru was included in the 2013 figures, but are not included in the 2014 figures due to divestment and likely wind up of the branch office.

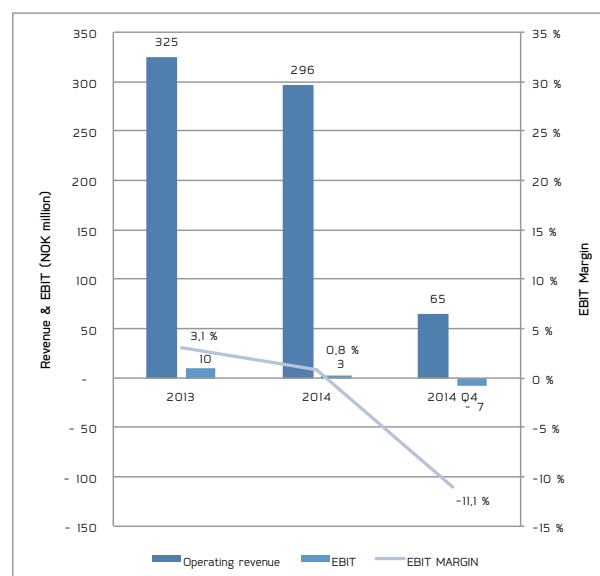
The operating profit (EBIT) of NOK 2.5 million in 2014 and is a significant decline from 2013. In 2013 the operating profit was NOK 10.0 million and this corresponds to a decline of NOK 7.5 million. In 2014 the EBIT-margin is 0.8 %, compared to 3.1 % in 2013.

Operating revenue in the fourth quarter of 2014 is NOK 65.1 million, and this is approximately at the same level as the previous quarters. The operating result is negative with NOK 7.2 million. This corresponds to a negative EBIT-margin of 11.1 % in the fourth quarter.

The main explanation of the weak result in the fourth quarter is related to the Fish Handling division. The division has experienced significant cost overruns in a few larger projects that are in their last phase. These projects are investments to develop new products to the fish farming industry, and this development work is expected to give positive contribution to future earnings in Havyard. All known and expected losses on these projects have been taken into account as of the fourth quarter of 2014.

The Refrigeration division has been through a restructuring process which has given a positive effect in 2014, and this positive effect is expected to continue during the coming periods. Costs have been reduced and the services provided is more focused towards the parts of the market segment which has higher margins.

The order backlog for the Fish Handling and Refrigeration segment is approximately NOK 80 million, where NOK 40 million is internal deliveries to the Ship Technology segment. External order backlog is approximately NOK 40 million.



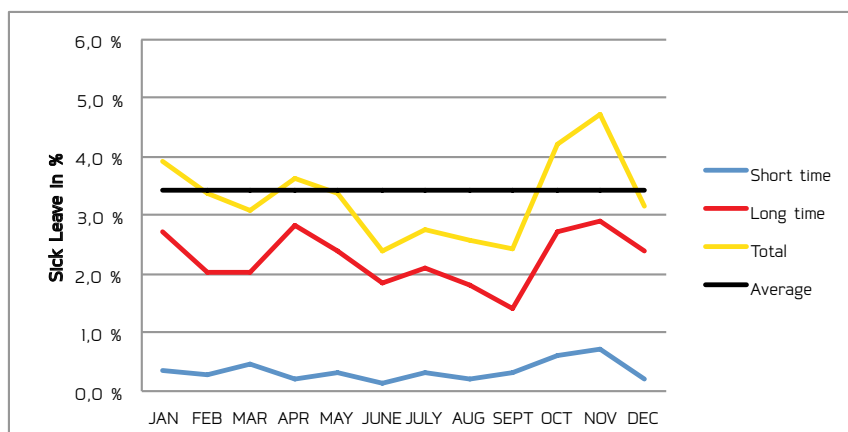
## HEALTH, SAFETY & SECURITY

The Groups total sick leave is 3.17 % as of Desember 2014, with an YTD average of 3.43 %. The sick leave has been steadily decreasing during 2013 and 2014. The reduction is a result of a long term focus on Inclusive working condition, job presence during sick leave and occupational health care.

During the last 12 months the Group has had a total of 15 injuries resulting in absence from work. This figure includes the subcontractors at the ship yard in Leirvik. An extensive action plan is implemented with the target of reducing injuries both for own employees and subcontractors, and this has reduced the number of injuries.

In addition to health and safety the Group is focusing on quality. Internal audits in accordance with ISO 9001/ISO 14001, several supplier audits and audits from costumers are performed in 2014. Quality deviations are measured, documented in action lists and handled as quickly and effectively as possible.

Sick leave Group YTD







## PRINCIPAL RISKS AND UNCERTANTIES

Havyard Group defines operational risk as the ability to deliver at the right time, with the right quality and at the right cost. The delivery of vessels, design packages and equipment in accordance with these parameters are a substantial risk element, and is the most significant factor that affects Havyard Group's financial results.

Other risk factors are interest rates, exchange rates and our customers' ability to meet its obligations.

Havyard Group works systematically with risk management in all its segments and subsidiaries. All managers are responsible for risk management and internal control within their business segment. Reference is made to the annual report for 2013 for a further description of risk factor and risk management.

Fosnavåg, 26 February 2015

The Board of Directors and CEO

Havyard Group ASA







## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Havyard Group ASA

(NOK 1,000)	2014	2013	2014 Q4	2013 Q4
	(unaudited)		(unaudited)	
Sales revenues	2 401 597	1 982 679	732 995	477 790
Other operating revenues	9 208	4 253	4 445	1 876
<b>Operating revenues</b>	<b>2 410 805</b>	<b>1 986 932</b>	<b>737 440</b>	<b>479 666</b>
Cost of sales	1 763 601	1 352 109	591 360	337 657
Payroll expenses etc.	415 410	312 077	116 943	86 891
Other operating expenses	164 659	124 230	37 737	37 250
<b>Operating expenses</b>	<b>2 343 670</b>	<b>1 788 415</b>	<b>746 040</b>	<b>461 798</b>
<b>Operating profit before depreciation and amortization – EBITDA</b>	<b>67 134</b>	<b>198 517</b>	<b>-8 601</b>	<b>17 868</b>
Depreciation	21 064	17 942	4 384	5 109
<b>Operating profit – EBIT</b>	<b>46 071</b>	<b>180 575</b>	<b>-12 984</b>	<b>12 759</b>
Financial income	20 256	21 666	11 732	8 940
Financial expenses	32 344	16 922	17 042	6 421
Share of profit/loss of associate	11 665	4 196	3 465	1 049
<b>Profit before tax</b>	<b>45 648</b>	<b>189 515</b>	<b>-14 829</b>	<b>16 327</b>
Income tax expense	12 584	49 055	-1 524	4 226
<b>Profit for the period</b>	<b>33 063</b>	<b>140 460</b>	<b>-13 306</b>	<b>12 101</b>
<b>Attributable to :</b>				
Equity holders of parent	31 045	138 100	-11 821	10 176
Non-controlling interest	2 018	2 360	-1 485	1 925
<b>Total</b>	<b>33 063</b>	<b>140 460</b>	<b>-13 306</b>	<b>12 101</b>
Earnings per share (NOK)	1.38	6.13	-0.52	0.45

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Havyard Group ASA

(NOK 1,000)	2014 (unaudited)	2013	2014 Q4 (unaudited)	2013 Q4
<b>Profit for the period</b>	<b>33 063</b>	<b>140 460</b>	<b>-13 306</b>	<b>12 101</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to income statement				
Total	-	-	-	-
Items that will be reclassified to income statement				
Translation differences		5 213		5 213
Fair value adjustment available-for-sale financial assets		19 993		19 993
Total	-	25 206	-	25 206
Other comprehensive income	-	25 206	-	25 206
<b>Total comprehensive income</b>	<b>33 063</b>	<b>165 666</b>	<b>-13 306</b>	<b>37 307</b>
Attributable to :				
Equity holders of parent	31 045	162 882	-11 821	34 959
Non-controlling interest	2 018	2 783	-1 485	2 348
<b>Total</b>	<b>33 063</b>	<b>165 666</b>	<b>-13 306</b>	<b>37 307</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Havyard Group ASA

(NOK 1,000)

## ASSETS

	2014 (unaudited)	2013
<b>Non current assets</b>		
Goodwill	23 918	23 918
Licenses, patents and R&D	59 912	41 483
Property, plant and equipment	263 549	240 167
Investment in associates	93 820	84 143
Loan to associates	14 817	15 185
Investment in financial assets	172 071	205 294
Other non current receivable	68 828	118 839
<b>Total non current assets</b>	<b>696 915</b>	<b>729 030</b>
<b>Current Assets</b>		
Inventory	40 673	38 872
Accounts receivables	79 123	82 122
Other receivables	88 225	139 551
Construction WIP in excess of prepayments	641 142	261 574
Cash and cash equivalents	194 562	281 381
<b>Total Current Assets</b>	<b>1 043 725</b>	<b>803 500</b>
<b>TOTAL ASSETS</b>	<b>1 740 640</b>	<b>1 532 530</b>

## EQUITY AND LIABILITIES

	2014 (unaudited)	2013
<b>Equity</b>		
Share capital	1 126	1 126
Share premium reserve	5 462	5 462
Treasury shares	-7	-16
Retained earnings	587 171	640 865
Non-controlling interest	6 010	21 002
<b>Total equity</b>	<b>599 762</b>	<b>668 438</b>
<b>Long term liabilities</b>		
Deferred tax liability	50 215	45 227
Loans and borrowings, non-current	208 515	98 123
Other long-term liabilities	2 142	19 107
<b>Total long term liabilities</b>	<b>260 872</b>	<b>162 457</b>
<b>Current liabilities</b>		
Accounts payables	149 267	128 278
Taxes payable	3 960	57 903
Provision for dividend	-	-
Public duties payables	19 196	16 916
Construction loans	515 540	134 788
Loans and borrowings, current	38 230	43 183
Prepayments in excess of construction WIP	53 164	232 802
Other current liabilities	100 646	87 766
<b>Total current liabilities</b>	<b>880 006</b>	<b>701 635</b>
<b>Total liabilities</b>	<b>1 140 878</b>	<b>864 092</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 740 640</b>	<b>1 532 530</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK 1,000)

	31.12.14	31.12.13
Equity at the end of previous year	668 438	526 404
Net profit for the period	33 063	140 460
Dividends	-94 997	-24 792
Other changes	-6 741	26 366
<b>Changes in equity through the period</b>	<b>-68 675</b>	<b>142 034</b>
<b>Equity per end of period</b>	<b>599 762</b>	<b>668 438</b>



## CONSOLIDATED STATEMENT OF CASHFLOW

## Havyard Group ASA

(NOK 1,000)

	2014 (Unaudited)	2013 (Unaudited)	2014 Q4 (Unaudited)	2013 Q4 (Unaudited)
<b>CASH FLOW FROM OPERATIONS</b>				
Profit/(loss) before tax	45 648	189 515	-14 829	16 327
Taxes paid	-57 903	-55 890	-30 982	-15 322
Depreciation	21 064	17 942	4 384	5 109
Share of (profit)/loss from associates	-11 666	-4 196	-3 466	-1 045
Changes in inventory	-1 801	17 514	-4 884	1 643
Net changes in construction loans	380 752	-129 297	-144 533	-214 648
Changes in accounts receivables/construction WIP	-376 570	184 018	108 549	208 351
Changes in accounts payable	20 989	-18 612	38 909	28 235
Changes in prepayments from customers	-179 638	170 688	-18 692	76 114
Changes in other current receivables/liabilities	14 181	-49 466	8 064	27 360
<b>Net cash flow from/(to) operating activities</b>	<b>-144 943</b>	<b>320 287</b>	<b>-57 479</b>	<b>132 124</b>
<b>CASH FLOW FROM INVESTMENTS</b>				
Investments in property, plant and equipment	-42 585	-30 369	-9 710	-3 886
Investment in intangible assets	-20 290	-22 994	-9 618	-11 313
Investment in/disposal of financial assets	136 824	-49 421	56 201	-46 012
Changes in long term receivables	-4 968	-37 740	1 191	33 568
<b>Net cash flow used in investing activities</b>	<b>68 981</b>	<b>-140 524</b>	<b>38 064</b>	<b>-27 643</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
New long term debt	146 400	16 845	-	2 305
Repayment long term debt	-43 069	-18 754	-2 019	-4 689
Purchase/sale of treasury shares	5 999	2 000	-	2 000
Purchase of minority shares in Havyard Fish Handling & Refrigeration	-25 191	-	-	-
Dividends	-94 996	-24 792	-70 000	-24 792
<b>Net cash flow from/ (used in) financing activities</b>	<b>-10 857</b>	<b>-24 701</b>	<b>-72 019</b>	<b>-25 176</b>
<b>Net change in cash and cash equivalents</b>	<b>-86 819</b>	<b>155 063</b>	<b>-91 434</b>	<b>79 306</b>
<b>Cash and cash equivalents at start of the period</b>	<b>281 381</b>	<b>126 319</b>	<b>285 996</b>	<b>202 077</b>
Cash and cash equivalents from purchase of subsidiaries				
Cash and cash equivalents at end of the period	194 562	281 381	194 562	281 381
Restricted bank deposits at the end of the period	114 377	148 206	114 377	148 206
<b>Available cash and cash equivalents at the end of the period</b>	<b>80 184</b>	<b>133 175</b>	<b>80 184</b>	<b>133 175</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

Havyard Group ASA

## 1. Corporate information

Havyard Group ASA is a public limited company based in Norway, and its head office is located in Fosnavåg, Herøy. The group in total employs 800 people as of 31 December 2014, of whom approximately 700 are employed in Norway. Havyard Group ASA was incorporated as a public limited company 25 February 2014, and was listed on the Oslo Stock Exchange 1 July 2014.

## 2. Basis of preparation and changes to the Group's accounting policies

The Interim Condensed Consolidated Financial Statements for the period ended 31 December 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Interim Condensed Consolidated Financial Statements are not subject to audit, and do not include all the information and disclosures required in the annual Financial Statements. It should be read in conjunction with the Group's annual Financial Statements as of 31 December 2013.

The same use of estimates has been applied as in the Financial Statements for 2013.

## 3. Segment information

(NOK 1,000)	2014 Ship Technology	Design & Solution	Power & Systems	MMC	Elimination / Other	Havyard Group
Total operating revenue	1 958 019	236 498	246 122	296 084	(325 918)	2 410 805
Operating profit /loss EBITDA	25 183	42 821	20 421	7 352	(28 642)	67 134
Depreciation	11 960	3 370	429	4 863	442	21 063
<b>Operating profit/(loss) EBIT</b>	<b>13 223</b>	<b>39 451</b>	<b>19 992</b>	<b>2 489</b>	<b>(29 084)</b>	<b>46 071</b>
Net financial items	(199)	(6 658)	1 918	(5 955)	(1 195)	(12 089)
Share of profit/(loss) from associate	-	-	-	-	11 666	11 666
<b>Profit/(Loss) before tax</b>	<b>13 024</b>	<b>32 793</b>	<b>21 910</b>	<b>(3 466)</b>	<b>(18 613)</b>	<b>45 648</b>

The Elimination/Other segment includes IPO costs of NOK 15 million

(NOK 1,000)	2013 Ship Technology	Design & Solution	Power & Systems	MMC	Elimination / Other	Havyard Group
Total operating revenue	1 479 811	262 500	208 306	325 393	(289 078)	1 986 932
Operating profit /loss EBITDA	83 651	57 282	41 340	15 008	1 236	198 517
Depreciation	6 165	1 545	461	5 027	4 744	17 942
<b>Operating profit/(loss) (EBIT)</b>	<b>77 486</b>	<b>55 737</b>	<b>40 879</b>	<b>9 981</b>	<b>(3 508)</b>	<b>180 575</b>
Net financial items	3 089	(313)	343	(6 212)	7 837	4 744
Share of profit/(loss) from associate	-	-	-	-	4 196	4 196
<b>Profit/(Loss) before tax</b>	<b>80 575</b>	<b>55 424</b>	<b>41 222</b>	<b>3 769</b>	<b>4 329</b>	<b>189 515</b>

"Elimination / Other" contains parent company items and elimination of intra-group transactions.

(NOK 1,000)	2014 Q4					
	Ship Technology	Design & Solution	Power & Systems	MMC	Elimination / Other	Havyard Group
Total operating revenue	602 895	78 989	67 515	65 052	(77 010)	737 440
Operating profit /loss EBITDA	(11 221)	11 417	3 645	(7 120)	(5 321)	(8 601)
Depreciation	3 149	827	156	77	175	4 384
<b>Operating profit/(loss) (EBIT)</b>	<b>(14 370)</b>	<b>10 590</b>	<b>3 489</b>	<b>(7 197)</b>	<b>(5 496)</b>	<b>(12 984)</b>
Net financial items	1 116	(4 601)	1 927	(986)	(2 767)	(5 311)
Share of profit/(loss) from associate	-	-	-	-	3 466	3 466
<b>Profit/(Loss) before tax</b>	<b>(13 254)</b>	<b>5 989</b>	<b>5 416</b>	<b>(8 183)</b>	<b>(4 797)</b>	<b>(14 829)</b>

#### 4. Non-current financial investments

##### 2013

Company	Ownership share/ voting share	Business office	Equity as of last year (100%)	Result as of last year (100%)	Carrying amount
P/F 6. September 2006	10.9%	Faroe Island	526 668	134 107	61 818
Vestland Offshore Invest AS	16.8%	Torangsvåg	482 540	-14 614	80 187
Other non-current financial investments					63 289
<b>Carrying amount as of 31.12.13</b>					<b>205 294</b>

##### 2014 YTD

Company	Ownership share/ voting share	Business office	Equity as of last year (100%)	Result as of last year (100%)	Carrying amount
P/F 6. September 2006	10.9%	Faroe Island			61 818
Vestland Offshore Invest AS	16.8%	Torangsvåg	450 595	6 402	80 187
Other non-current financial investments					30 066
<b>Carrying amount as of 31.12.14</b>					<b>172 071</b>

## 5. Issued capital and reserves

	2014	2013
Number of ordinary shares	22 528 320	1 126 416
Par value (NOK)	0.05	1.00
<b>Share capital (NOK)</b>	<b>1 126 416</b>	<b>1 126 416</b>

All shares have equal rights.

### 2014

The General meeting held 26.03.14 decided to split the shares in the ratio 1:20. After the split, the number of shares is 22 528 320. The nominal amount is NOK 0.05.

### Dividends and group contributions

The Group has paid a dividend of NOK 60.0 million in October 2014, and NOK 10.1 million in December 2014. In addition, the Group has paid dividend of MNOK 24.8 based on the 2013 financial statement.

### 2013

The share capital was 1 126 416 at a nominal amount of NOK 1.00.

Shareholders as of 30.09.2014	Controlled by	Number of shares	Ownership
Havila Holding AS		14 300 000	63.5 %
Geir Johan Bakke AS	Geir Johan Bakke (CEO)	1 202 250	5.3 %
Nominee		562 500	2.5 %
Nominee		494 600	2.2 %
Nominee		489 308	2.2 %
Nominee		471 883	2.1 %
Other shareholders (<2 %)		5 007 779	22.2 %
<b>Number of shares</b>		<b>22 528 320</b>	<b>100.0 %</b>

Ultimate controlling company of the Group is Havila Holding AS. Boardmembers Hege Sævik Rabben and Vegard Sævik have indirect ownership in the group through their ownership in Havila Holding AS.

Parent company Havila Holding AS is a limited company based in Norway, and its head office is located in Fosnavåg, Herøy.

Foto: Gunnar L. Havyard, Marius Beck Dahle.

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