

Presentation Q4 2014

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Agenda

- Headlines/ milestones Q4
- Outlook
- Main figures
- Detailed figures
- HES/ QA
- Questions



Headlines/Milestones Q4

- 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
 - 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.
 - Cost overruns in construction of the first Havyard 832 SOV, delivered in Feb 15
 - 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
- Order intake in Q4 of approx. NOK 1 400 million
- Dividend of NOK 0.45 pr. share, total NOK 10 million
 - Ex div date 02.03.15



Headlines/Milestones Q4 (cont.)

- Delivery of newbuild no. 116, a Havyard 832 PSV
 - Vessel nr. 8 to Global Offshore
- Delivery of newbuild no 115, a Havyard 857 Subsea vessel
 - 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
 - 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
 - Repeat contracts with profit margins in line with long term profitability goal
 - Gives visibility in production and order book for 2015 and 2016



Outlook

- Offshore market in general effected by declining oil price and investments
 - Challenging market where decisions are postponed
 - 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
 - Established and proven design in the windmill service vessel market
 - Leading provider of ICE-breaker vessels
 - 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
 - Repeat contracts on new design are signed and repeat effect give increased profitability
- Quarterly dividends of 50-75 % of net earnings as stated in dividend policy going forward
- Purchase of controlling share in Norwegian Electric Systems AS at attractive price
 - Securing larger parts of the most profitable part of the value chain



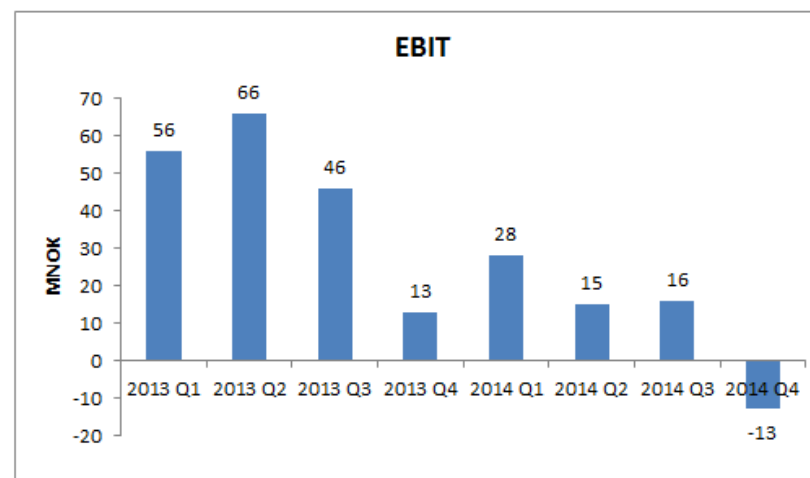
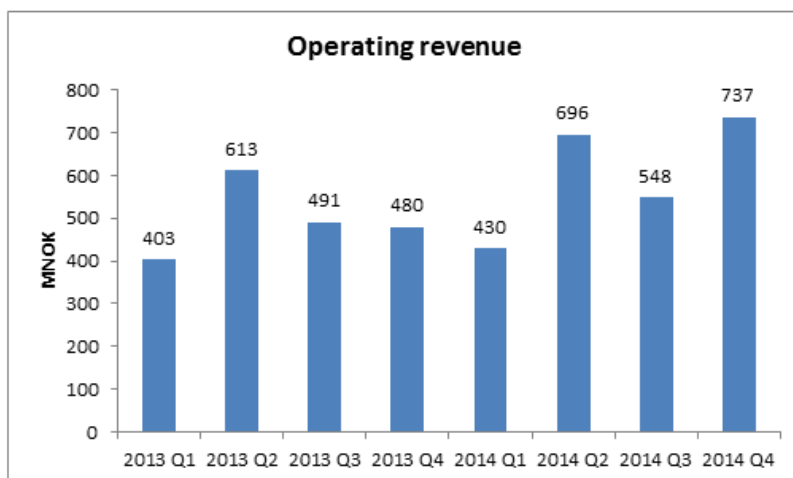
Main Figures

Group Key Figures

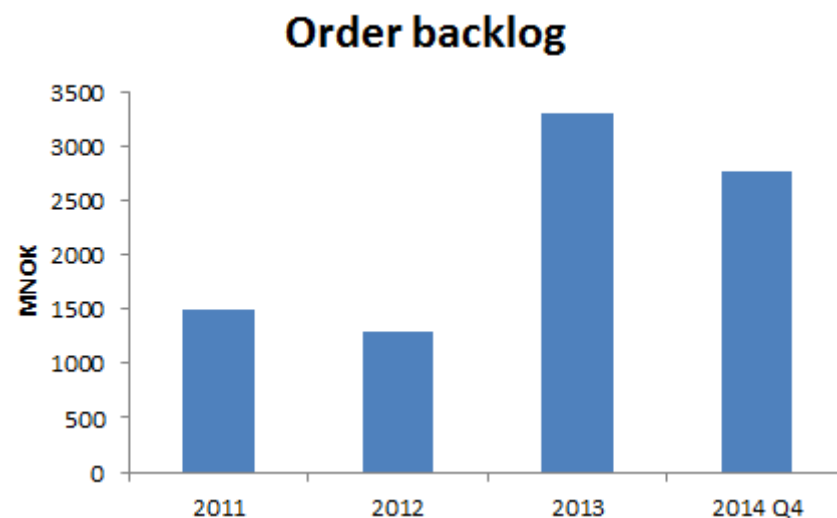
	2014	2013	2014 Q4	2013 Q4
Operating revenue	2 411	1 987	737	480
EBITDA	67	199	-9	18
EBIT	46 ¹	181	-13	13
EBIT-margin	1.9 % ²	9.1 %	-1,8 %	2.7 %
Profit before tax	46	190	-15	16
Earnings per share	1.38	6.13	-0,52	0.45
NIBD	167	8	167	8
Working Capital	164	102	164	102

¹ The EBIT for 2014 includes cost for the IPO of approx. NOK 15 million

² Adjusted EBIT-margin excluding IPO costs is 2.5 %



Main Figures (cont.)

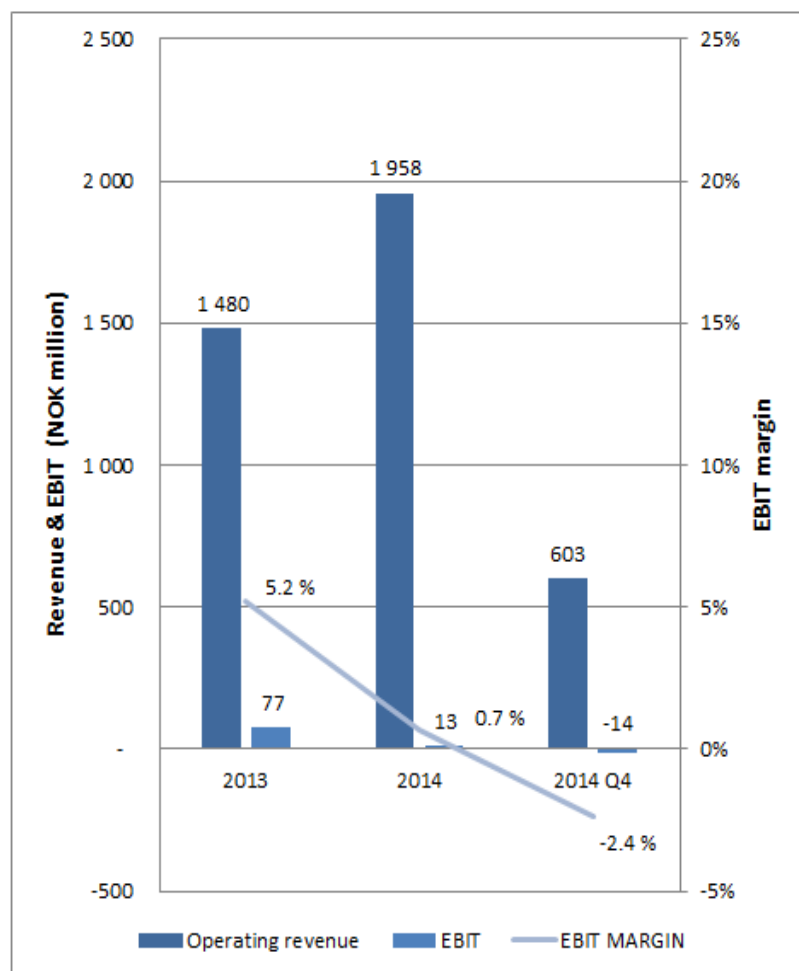


- Order backlog of approx. 2 770 million
 - 1 570 million in 2015
 - 1 200 million in 2016
- Gives visibility in production at the ship yard in Leirvik



Detailed Figures

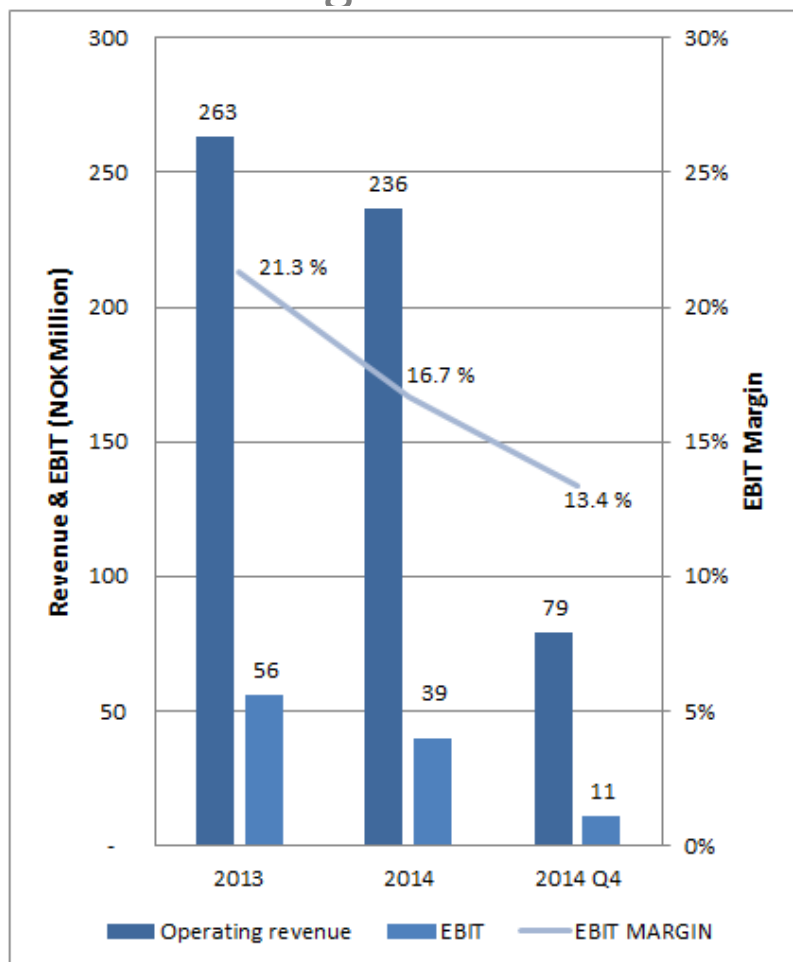
- Ship Technology



- Delivered in 2014
 - Live fish carrier, NB 117
 - Rebuild of Havila Phoenix
 - 832 PSV Wave Edition, NB 120
 - 832 PSV, NB 116
 - 857 Subsea Vessel, NB 115
- Outfitting in Leirvik at 31.12.14
 - 832 SOV, NB 118 & 119
- Significant amount of prototype vessels lower margins
- Cost overruns in the fish and SOV segments
- All known and expected losses taken into account
- Order backlog of NOK 2 570 million
 - 1 PSV, 3 SOV, 3 AHTS ICE, 1 Fishing vessel, 1 Live fish carrier

Detailed Figures (cont.)

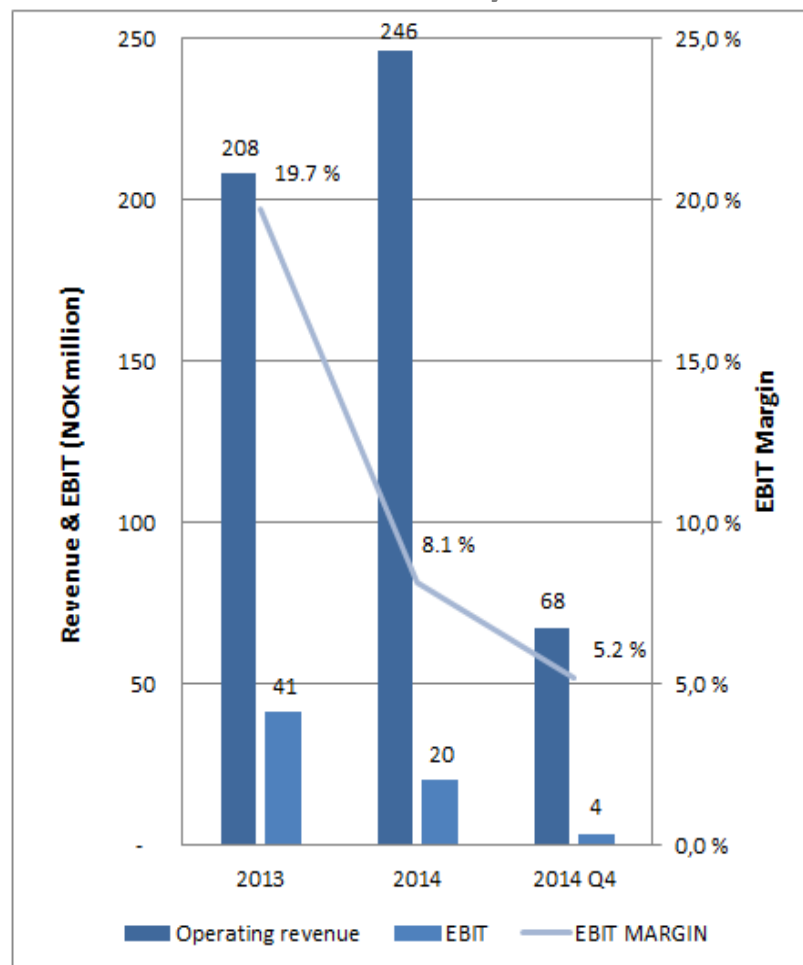
- Design & Solutions



- More prototype projects in 2014 compared to 2013
- Higher hour consumption on prototype projects and higher share of equipment deliveries in Q4 gives lower margins compared to previous quarters
- Order backlog of NOK 170 million
 - External: NOK 140 million
 - Internal: NOK 30 million

Detailed Figures (cont.)

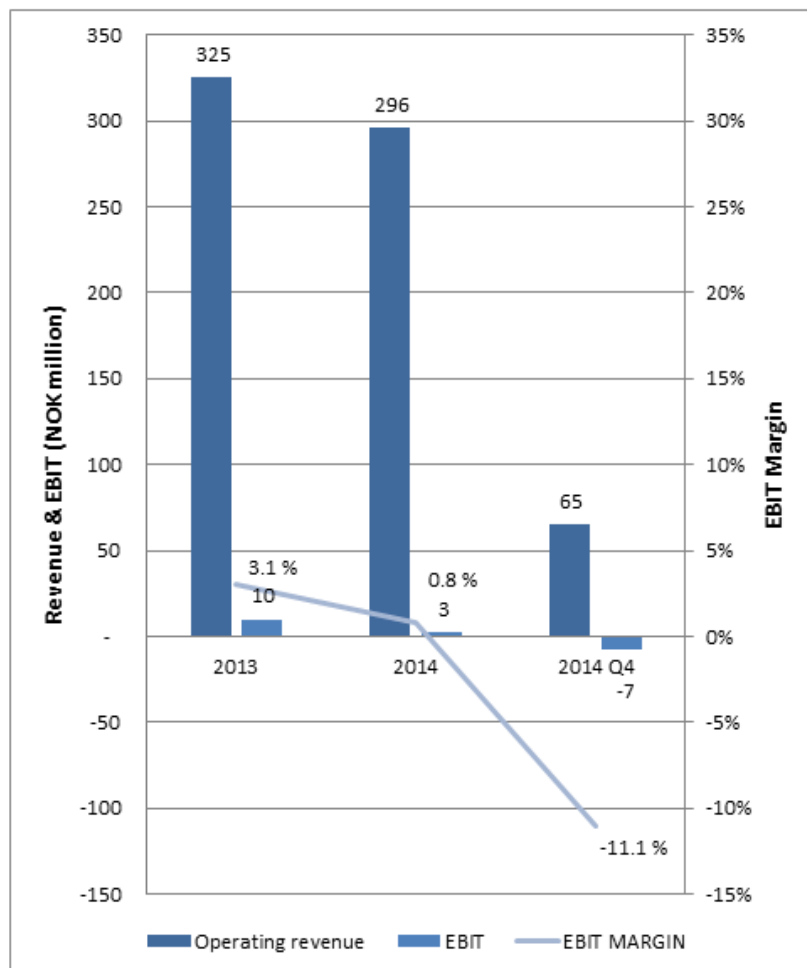
- Power & Systems



- Increased activity in Havyard Production & Service
 - A business segment with low margins
 - Part of strategy to take control over larger parts of the value chain
- Lower margins due to restructuring effects
 - Electro installation incorporated in Ship Technology
- Cost overruns in two prototype projects gives lower margin in Q4 14 compared to previous quarters
- Order backlog of NOK 150 million
 - External: NOK 20 million
 - Internal: NOK 130 million

Detailed Figures (cont.)

- Fish Handling & Refrigeration



- Significant cost overruns in a few larger projects in the Fish Handling division
 - Projects in the last phase at the end of 2014
 - Development of new products to the fish farming industry
 - All known and expected losses on these projects are taken into account as of Q4 14

- Restructuring process has increased the margins in the Refrigeration division in 2014 compared to 2013

- Order backlog of NOK 80 million
 - External: NOK 40 million
 - Internal: NOK 40 million

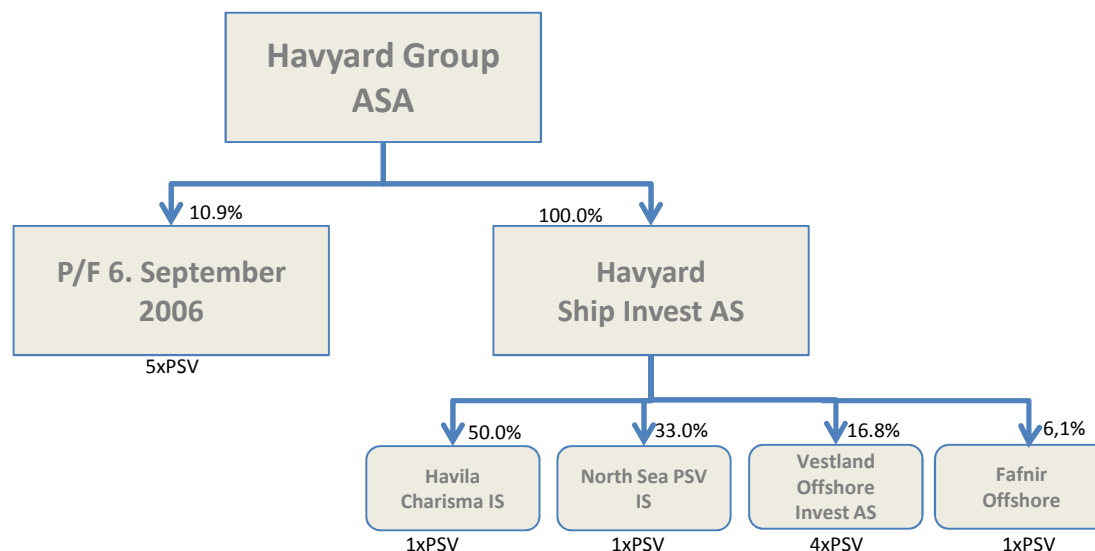
BALANCE SHEET

	2014 (unaudited)	2013
ASSETS		
Non current assets		
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
Total non current assets	696 915	729 030
Current Assets		
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
Total Current Assets	1 043 725	803 500
TOTAL ASSETS	1 740 640	1 532 530
EQUITY AND LIABILITIES		
	2014 (unaudited)	2013
Equity		
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
Total equity	599 762	668 438
Long term liabilities		
Deferred tax liability	50 215	45 227
Loans and borrowings, non-current	208 515	98 123
Other long-term liabilities	2 142	19 107
Total long term liabilities	260 872	162 457
Current liabilities		
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
Total current liabilities	880 006	701 635
Total liabilities	1 140 878	864 092
TOTAL EQUITY AND LIABILITIES	1 740 640	1 532 530

- Increased activity in 2014
 - Increased work in progress and construction loans
- New administration building in Leirvik
 - MNOK 20 in 2014
- Realisations in financial investments of total MNOK 137 in 2014
 - MNOK 56 in Q4 14
- Bond Loan placed in June, MNOK 150
 - Refinancing of long term debt, MNOK 35
 - Purchase of minority shares in Havyard MMC, MNOK 25
 - Dividend of MNOK 60 based on Q2 and MNOK 10 based on Q3
- Net interest bearing debt: MNOK 167
- Working capital: MNOK 164
- Equity ratio: 34 %



Ship investments



- Total value of financial ship investments are NOK 230 million
- Based on the estimates of brokers dated 31/12/14, the investments had a market value 28 % above book values at the end of December
- Contractual coverage
 - 2015: 77 % firm / 86 % options included
 - 2016: 53 % firm / 65 % options included
- Total loans of NOK 52 million are given at market terms and all are due within 3 years

CASH FLOW

(NOK 1000)	2014 (Unaudited)	2013	2014 Q4 (Unaudited)	2013 Q4
CASH FLOW FROM OPERATIONS				
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
Net cash flow from/(to) operating activities	-144 943	320 287	-57 479	132 124
CASH FLOW FROM INVESTMENTS				
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
Net cash flow used in investing activities	68 981	-140 524	38 064	-27 643
CASH FLOW FROM FINANCING ACTIVITIES				
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
Net cash flow from/ (used in) financing activities	-10 857	-24 701	-72 019	-25 176
Net change in cash and cash equivalents	-86 819	155 063	-91 434	79 306
Cash and cash equivalents at start of the period	281 381	126 319	285 996	202 077
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
Available cash and cash equivalents at the end of the period	80 184	133 175	80 184	133 175

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Several projects under construction in 2014, prepayments received in 2013

- Negative CF from operations in 14

Realisations in financial investments of MNOK 137 in 2014

- MNOK 56 in Q4-14

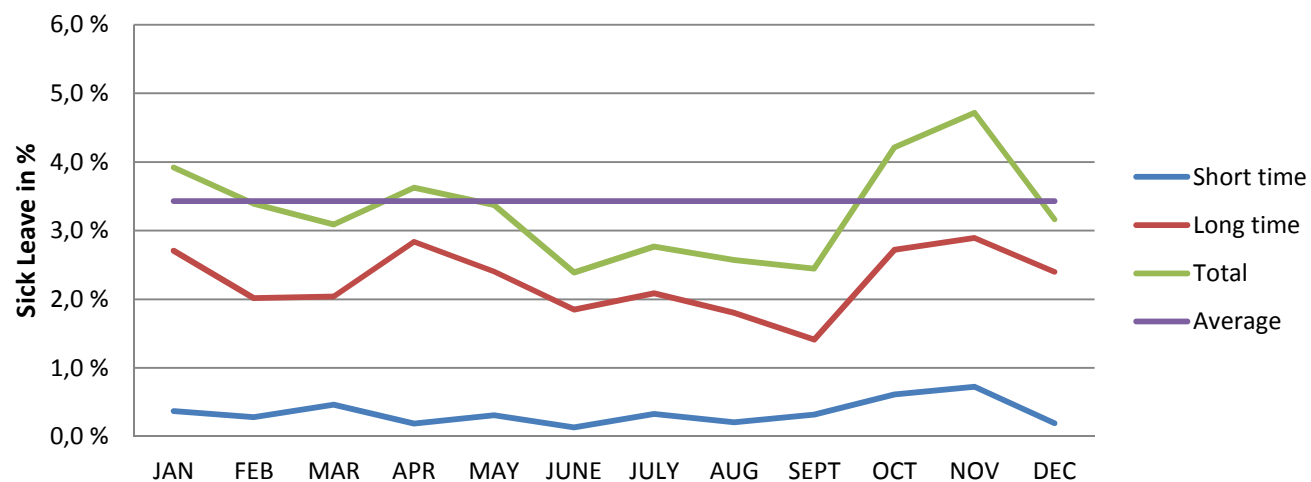
Bond Loan placed in June

Paid dividends on NOK 95 million in 2014



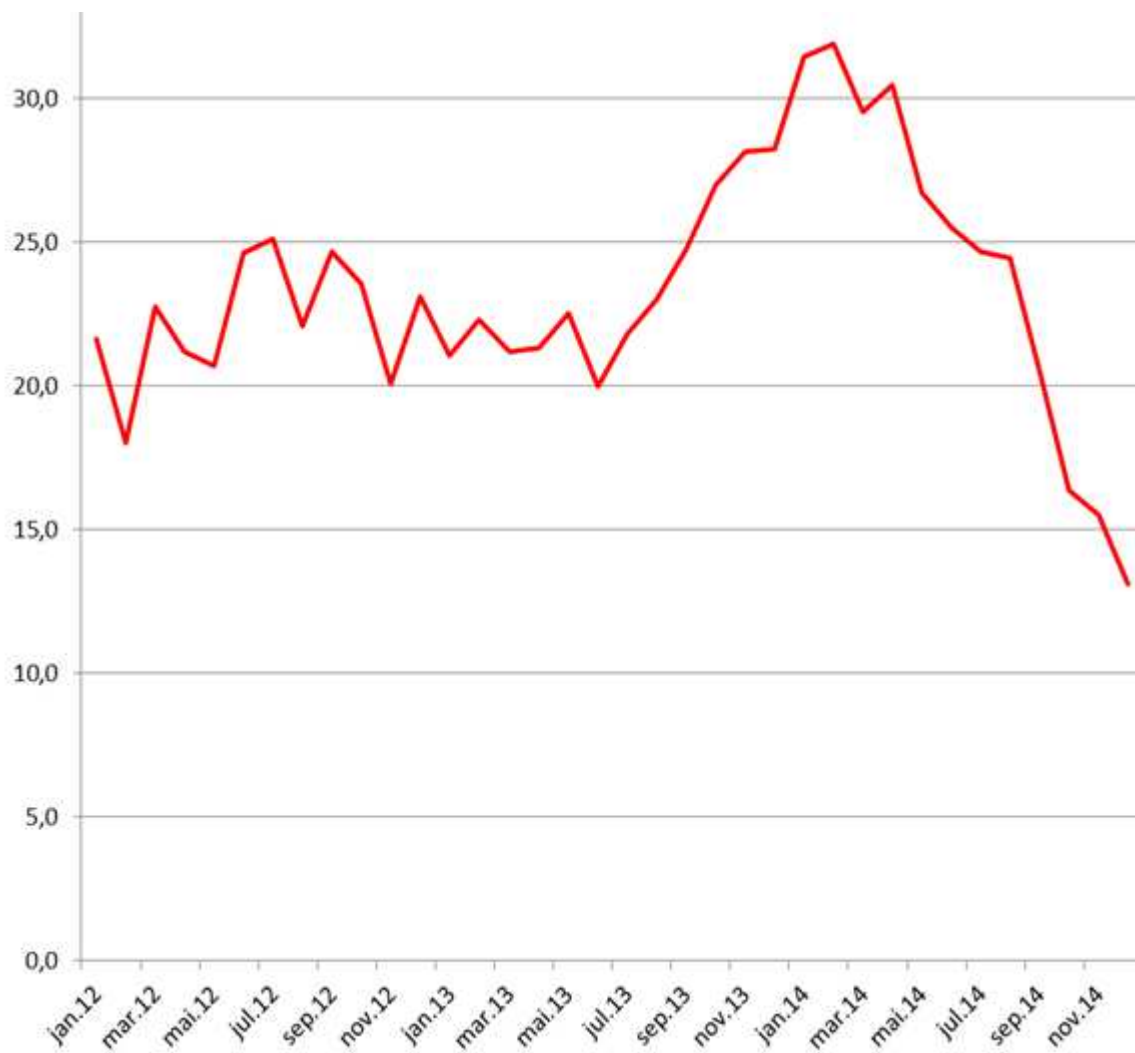
HES/ QA

Sick leave Group YTD



- Sick leave gradually reduced during 2013 and stable around 3.5 % in 2014
 - An extensive plan is implemented to reduce injuries and absence, and it includes subcontractors

HES/ QA



H-value

Number of work related injuries with absence pr. million working hours

12 month average

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 costumers