

Presentation Q1 2015

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Agenda

- Headlines/ milestones Q1
- Outlook
- Main figures
- Detailed figures
- HES/ QA
- Questions





Headlines/Milestones Q1

- EBIT of NOK 6 million and EBIT-margin of 1.1 % in first quarter of 2015
- The EBIT-margin in Q1 are negatively influenced by lower capacity utilization
- Good control of projects
 - Loss provisions made in fourth quarter of 2014 are sufficient
 - Zero result in these projects in 2015 are reducing margins compared to the first quarter of 2014
- Purchase up to majority share in Norwegian Electric Systems
- Delivery of newbuild no. 118 and 119
 - Havyard 832 SOV Windmill Service Vessel





Outlook

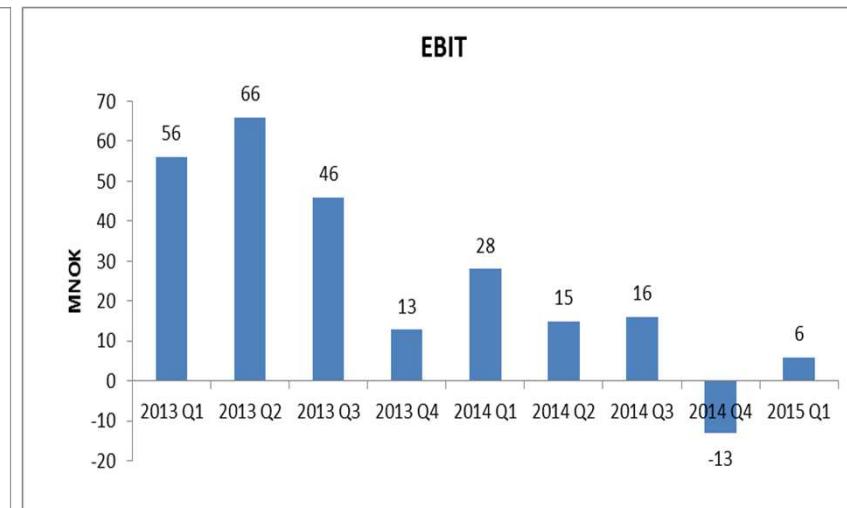
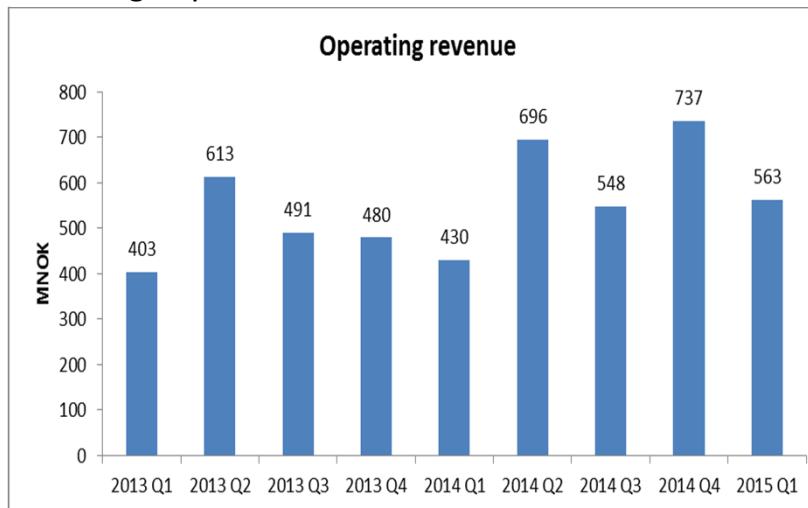
- Offshore market in general effected by declining investments
 - Decisions are postponed and few new projects in the market
 - Use the opportunity for increasing cost-efficiency and continuing the long term diversification strategy
- Havyard are prepared to meet the challenges in the offshore market
 - 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
 - Repeat contracts on new design are signed and repeat effect give increased profitability
- The Group depends on new order intake to fill capacity for the coming periods



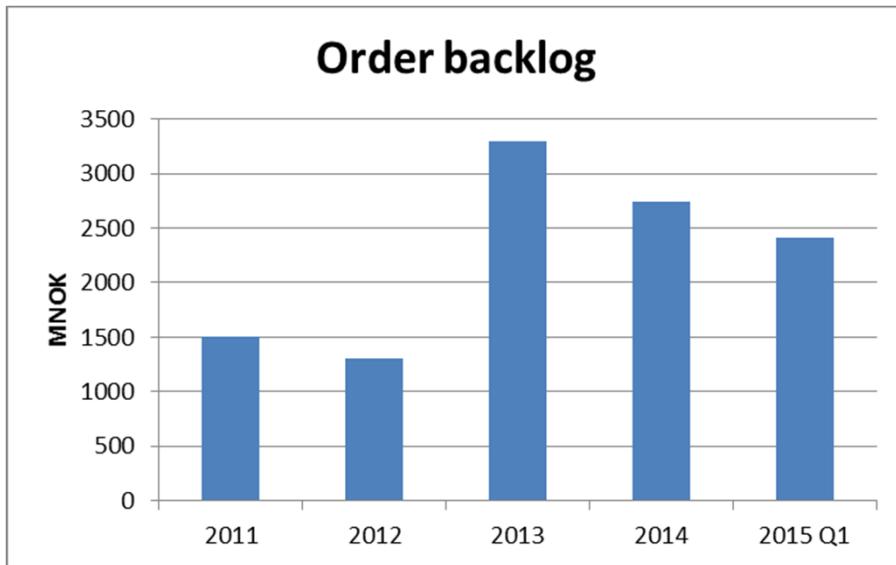
Main Figures

Group Key Figures

	Q1 15	Q1 14	2014
Operating revenue	563	430	2 411
EBITDA	12	33	66
EBIT	6	28	45
EBIT-margin	1.1 %	6.5 %	1.9 %
Profit before tax	28	28	39
Earnings per share	1,17	0.88	1,24
NIBD	117	74	167
Working Capital	192	124	164



Main Figures (cont.)

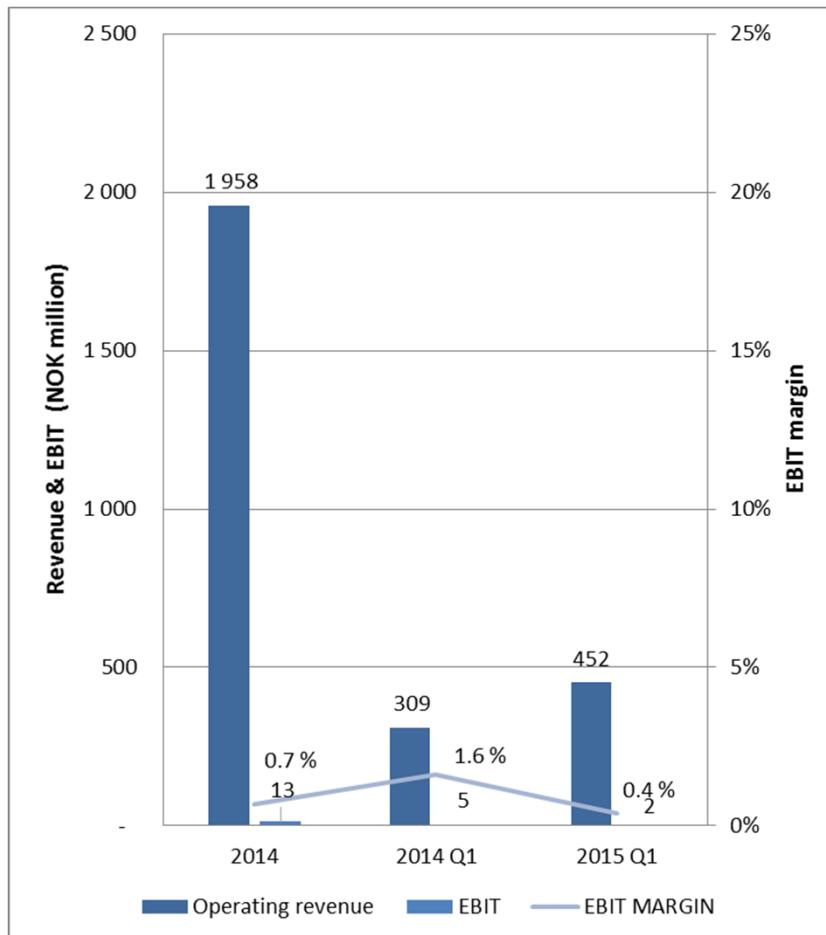


- Order backlog of approx. MNOK 2.415
 - MNOK 1.215 in 2015
 - MNOK 1.200 in 2016
- Gives visibility in production at the shipyard in Leirvik



Detailed Figures

- Ship Technology

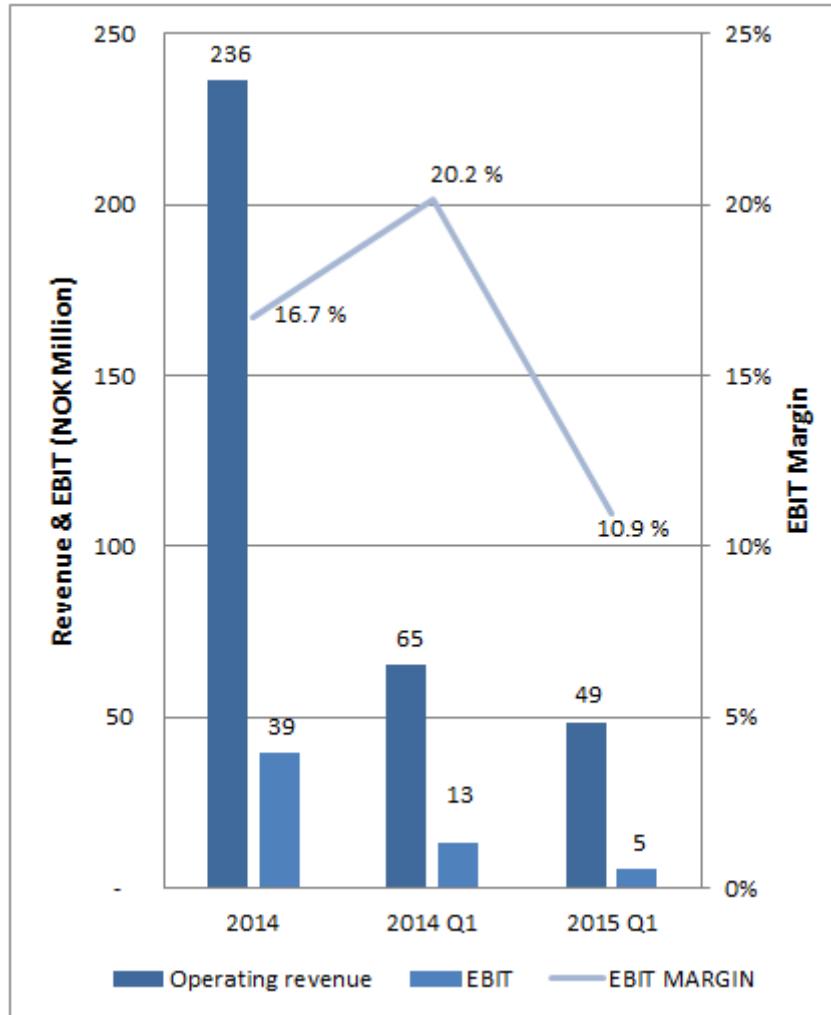


- Delivered in 2015
 - 832 SOV windmill service, NB 118
 - 832 SOV windmill service, NB 119
- Outfitting in Leirvik at 31.03.15
 - 535 Fishing vessel, NB 121
- Loss provisions made in fourth quarter of 2014 are sufficient
- Zero result in these projects in 2015 are reducing margins compared to the first quarter of 2014
- Order backlog of MNOK 2.120
 - 1 PSV, 1 SOV, 3 AHTS ICE, 1 Fishing vessel, 1 Live fish carrier



Detailed Figures (cont.)

- Design & Solutions

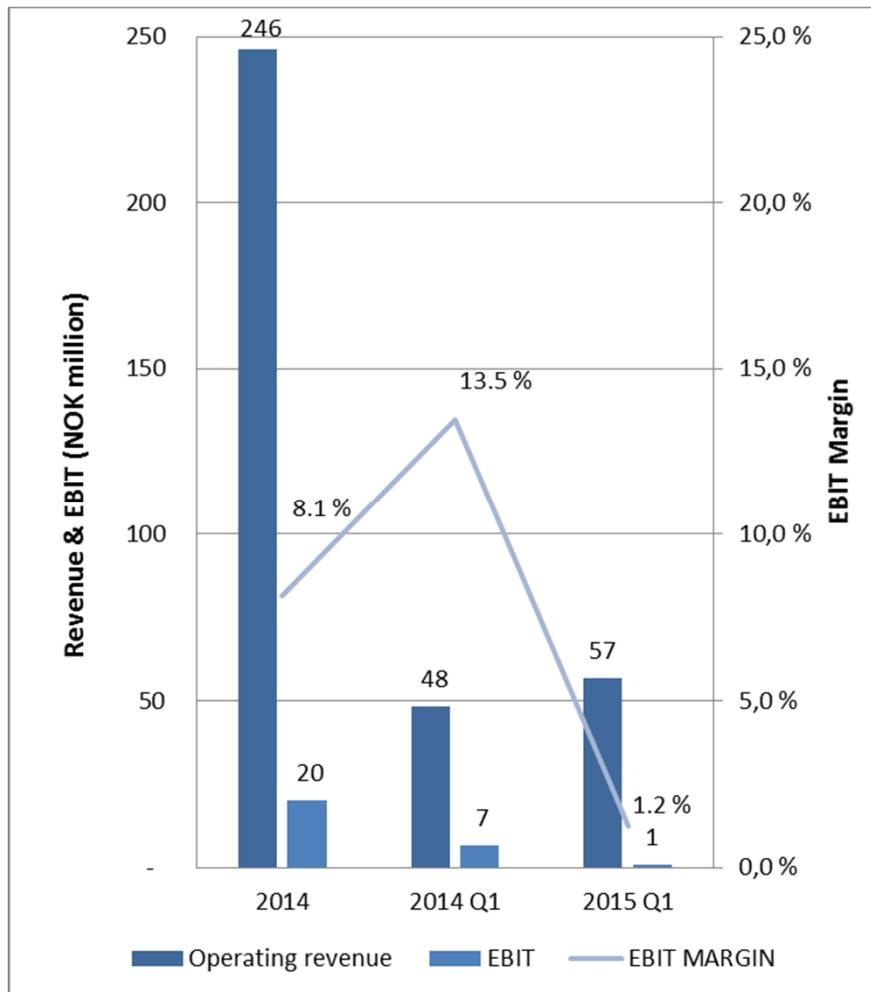


- Lower capacity utilization reduces margins in the first quarter of 2015 compared with first quarter of 2014
- Order backlog of MNOK 140
 - External: MNOK 115
 - Internal: MNOK 25



Detailed Figures (cont.)

- Power & Systems

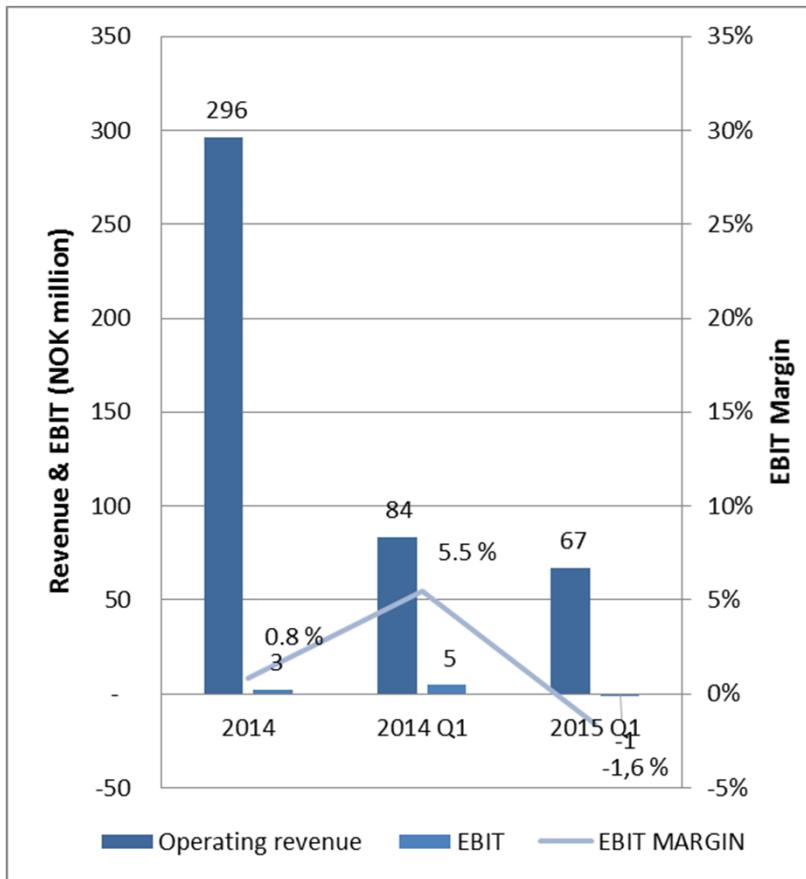


- Restructuring
 - Havyard Production & Service incorporated in Ship Technology
 - Norwegian Electric Systems incorporated in Power & Systems from February 2015
- Lower capacity utilization and work on projects where loss provisions were set in earlier periods gives reduced margins in first quarter of 2015
- Order backlog of NOK 215 million
 - External: NOK 85 million
 - Internal: NOK 130 million



Detailed Figures (cont.)

- MMC



- Lower capacity utilization and continued work on projects where loss provisions were made in 2014 reduces margins in the first quarter of 2015 compared with the first quarter of 2014
- Order backlog of NOK 130 million
 - External: NOK 95 million
 - Internal: NOK 35 million



BALANCE SHEET

(NOK 1000)

	2015 Q1 (unaudited)	2014
ASSETS		
Non current assets		
Goodwill	60 094	23 918
Licenses, patents and R&D	65 950	59 912
Property, plant and equipment	262 174	263 549
Investment in associates	76 950	88 190
Loan to associates	15 194	14 817
Investment in financial assets	172 071	172 071
Other non current receivable	69 200	68 827
Total non current assets	721 633	691 284
Current Assets		
Inventory	44 985	40 673
Accounts receivables	93 928	79 123
Other receivables	97 627	88 274
Construction WIP in excess of prepayments	356 455	642 464
Cash and cash equivalents	220 916	194 562
Total Current Assets	813 911	1 045 096
TOTAL ASSETS	1 535 544	1 736 380
(NOK 1000)		
EQUITY AND LIABILITIES		
Equity		
Share capital	1 126	1 126
Share premium reserve	5 462	5 462
Treasury shares	-7	-7
Retained earnings	599 974	583 750
Non-controlling interest	23 154	6 009
Total equity	629 709	596 340
Long term liabilities		
Deferred tax liability	58 955	48 447
Bond loan	147 219	146 941
Loans and borrowings, non-current	75 394	61 574
Other long-term liabilities	1 926	2 191
Total long term liabilities	283 494	259 153
Current liabilities		
Accounts payables	103 845	149 267
Taxes payable	3 428	3 925
Provision for dividend	-	-
Public duties payables	10 056	19 310
Construction loans	134 493	515 540
Loans and borrowings, current	27 605	38 230
Prepayments in excess of construction WIP	144 620	53 164
Other current liabilities	198 294	101 451
Total current liabilities	622 341	880 887
Total Liabilities	905 835	1 140 040
TOTAL EQUITY AND LIABILITIES	1 535 544	1 736 380

- Purchase of Norwegian Electric Systems
 - Increases goodwill MNOK 36
 - Reduces investment in associates MNOK 12
 - Increases non-controlling interest MNOK 17
 - Increases retained earnings MNOK 22
 - Increases working capital MNOK 36
- Lower activity at the balance date
- Net interest bearing debt: MNOK 117
- Working capital: MNOK 192
- Equity ratio: 41 %



CASH FLOW

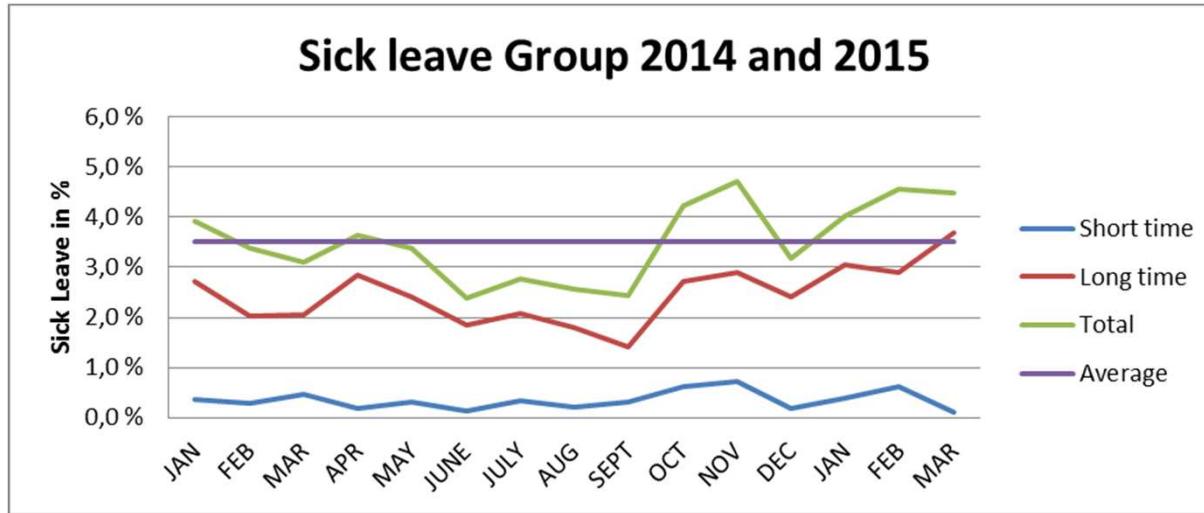


(NOK 1000)	2015 Q1 (Unaudited)	2014 Q1	2014
CASH FLOW FROM OPERATIONS			
Profit/(loss) before tax	27 806	28 077	39 100
Taxes paid	-1 807	-22 824	-57 903
Depreciation	6 277	5 112	21 064
Profit of purchase in associates	-22 603	-	-
Impairment	-	-	-
Share of (profit)/loss from associates	-949	-1 908	-6 036
Changes in inventory	973	5 465	-1 801
Net changes in construction loans	-381 047	182 213	380 752
Changes in accounts receivables/construction WIP	299 838	-206 437	-377 893
Changes in accounts payable	-52 506	-55 449	20 989
Changes in prepayments from customers	72 369	-1 981	-179 638
Changes in other current receivables/liabilities	47 375	23 352	15 233
Net cash flow from/(to) operating activities	-4 274	-44 380	-146 133
CASH FLOW FROM INVESTMENTS			
Investments in property, plant and equipment	-2 304	-4 898	-42 585
Investment in intangible assets	-1 702	-1 767	-20 290
Investment in/disposal of financial assets	-	-	136 824
Purchase of subsidiaries	-18 270	-	
Interest income	1 727	2 656	12 626
Dividends received	-	-	1 990
Changes in long term receivables	-750	-1 642	-4 968
Net cash flow used in investing activities	-21 299	-5 651	83 597
CASH FLOW FROM FINANCING ACTIVITIES			
New long term debt	15 994	-	146 400
Repayment long term debt	-2 439	-5 755	-43 020
Purchase of minority shares in Havyard MMC	-	-	-25 191
Interest costs	-4 132	-1 869	-13 475
Purchase/sale of treasury shares	-	-	5 999
Dividends	-10 073	-20 833	-94 996
Net cash flow from/ (used in) financing activities	-650	-28 457	-24 283
Net change in cash and cash equivalents	-26 223	-78 488	-86 819
Cash and cash equivalents at start of the period	194 562	281 381	281 381
Cash and cash equivalents from purchase of subsidiaries	52 783	-	
Cash and cash equivalents at end of the period	221 122	202 893	194 562
Restricted bank deposits at the end of the period	86 891	147 235	114 377
Available cash and cash equivalents at the end of the period	134 231	55 658	80 185

- Low EBIT gives low cash flow from operations in first quarter of 2015
- Cost price for 12.6 % of share in Norwegian Electric Systems MNOK 18,3
- Received MNOK 16 in long-term loan in connection with the completion of the administration building at the end of 2014
- Paid dividends on MNOK 10 in 2015
- Acquisition of subsidiary provides the group with MNOK 53 in 2015



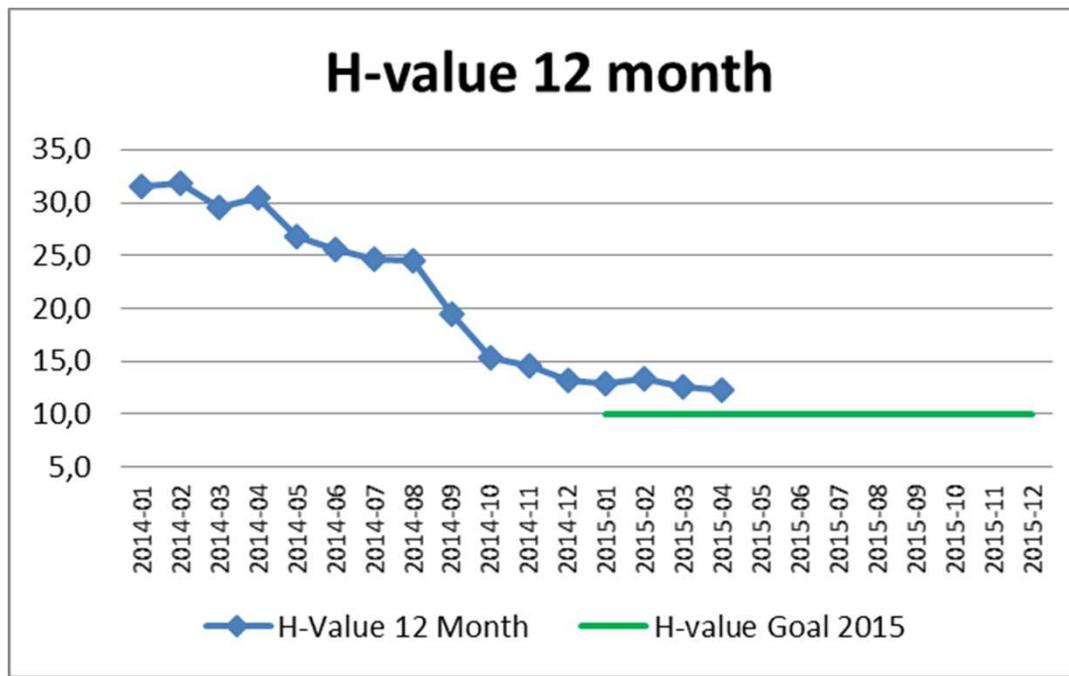
HES/ QA



- 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
- First quarter of 2015 the sick leave is 4.4 %
 - The increase is considered to be of temporary character



HES/ QA



H-value

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





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

