

Presentation Q2 2015

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CEO



Agenda

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



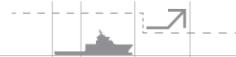
Headlines/Milestones Q2

- EBIT of NOK -11 million and EBIT-margin of -3.1% in second quarter of 2015
- EBIT of NOK -5 million and EBIT-margin of -0.55 % in first half of 2015
- Lower EBIT margin was expected in Q2 due to lower utilization in all business areas. This affected Havyard Ship Technology in particular, which in addition suffered extraordinary warranty costs.
- Implementation of four days' working week was successful, but not sufficient to adapt capacity to the workload in the period.
- Good development of order intake in Havyard MMC within equipment for fishery and aquaculture.
- No newbuild delivered in Q2.



Outlook

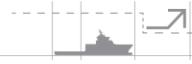
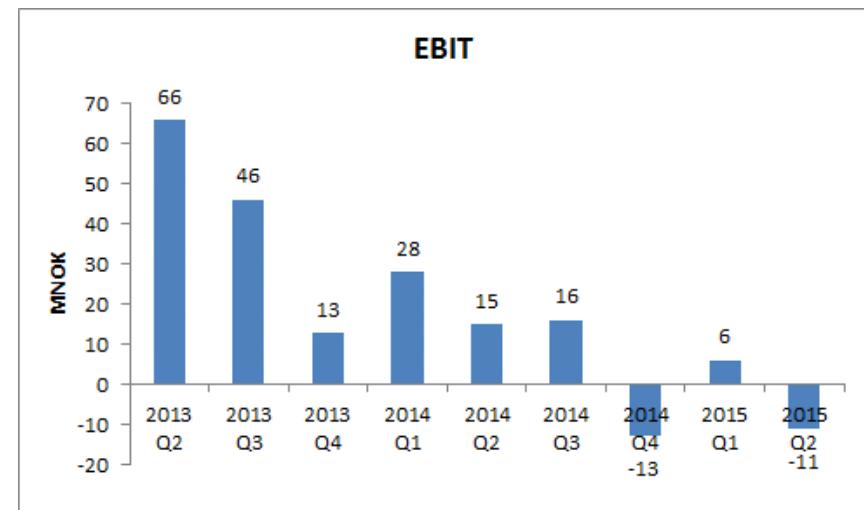
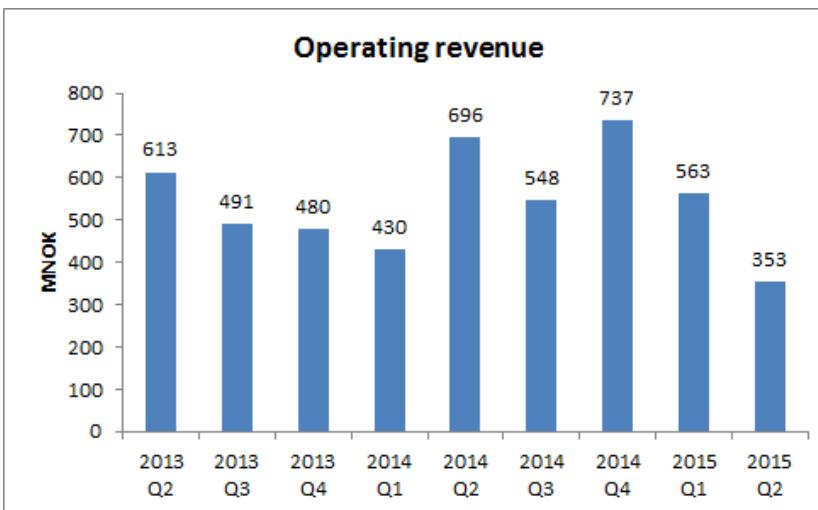
- Challenging times for our customers within the offshore market give low expectations of new orders in this segment.
- Our diversification strategy, where we have developed and delivered products for fisheries, aquaculture as well as the renewable energy sector gives us a competitive advantage over new suppliers entering these markets.
- The group as a whole depends on new order intake in most segments to fill capacity for the coming periods.
- We will continue to strengthen our competitiveness through restructuring, rationalization and downsizing for adapting the capacity. The effects of the downsizing will have full impact from the start of 2016.



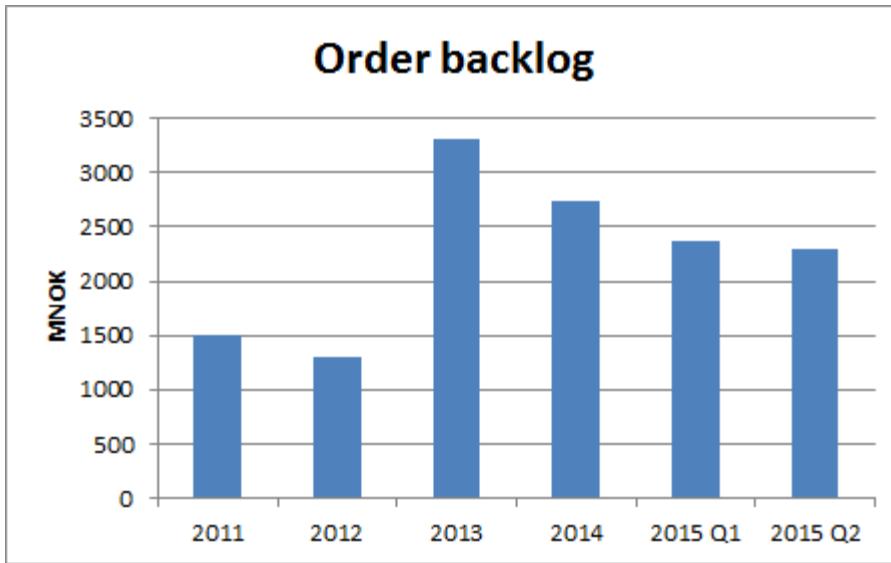
Main Figures

Group Key Figures

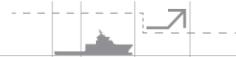
	2015 YTD	2014 YTD	Q2 15	Q2 14	2014
Operating revenue	917	1125	353	696	2 411
EBITDA	8	53	-4.7	21	66
EBIT	-5	43	-11.1	15	45
EBIT-margin	-0.5%	3.8%	-3.1%	2.2 %	1.9 %
Profit before tax	13	43	-14.1	15	39
Earnings per share	0.64	1.28	-0.53	0.40	1.24
NIBD	186	143	186	143	167
Working Capital	188	213	188	213	164



Main Figures (cont.)

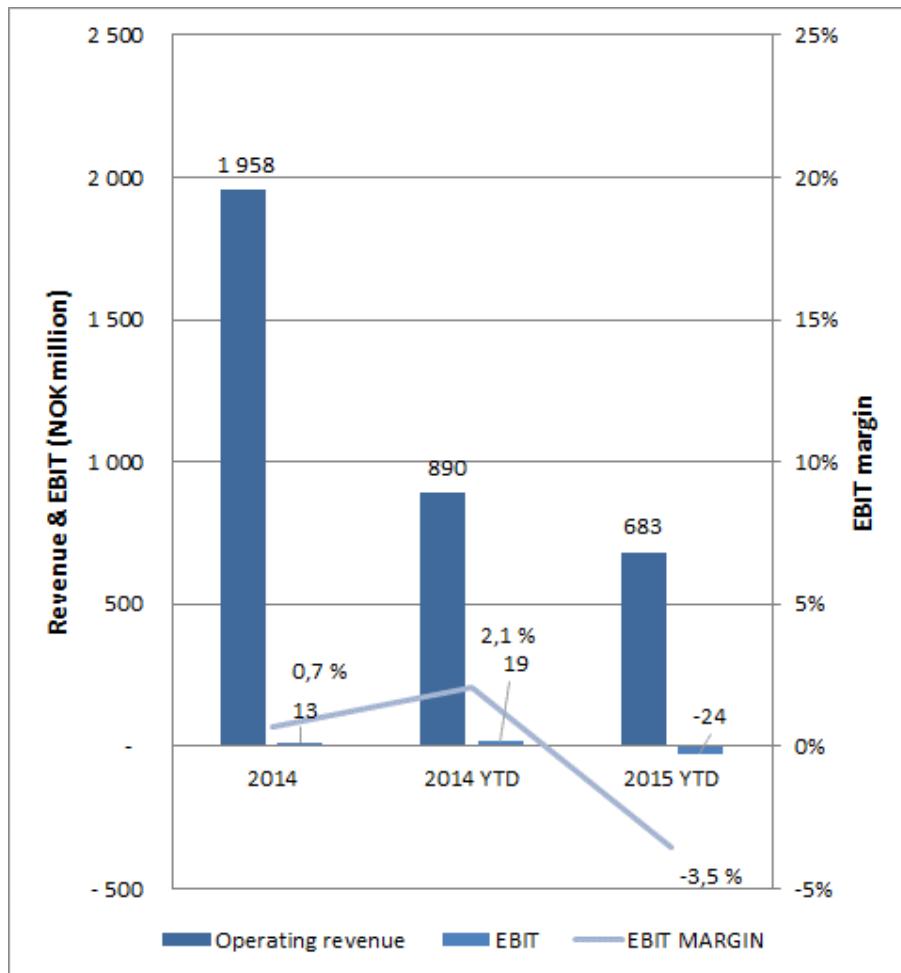


- Order backlog of approx. MNOK 2.299
 - MNOK 870 in 2015
 - MNOK 1.429 in 2016
 - External Order intake Q2 250 mill

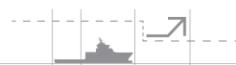


Detailed Figures

- Ship Technology

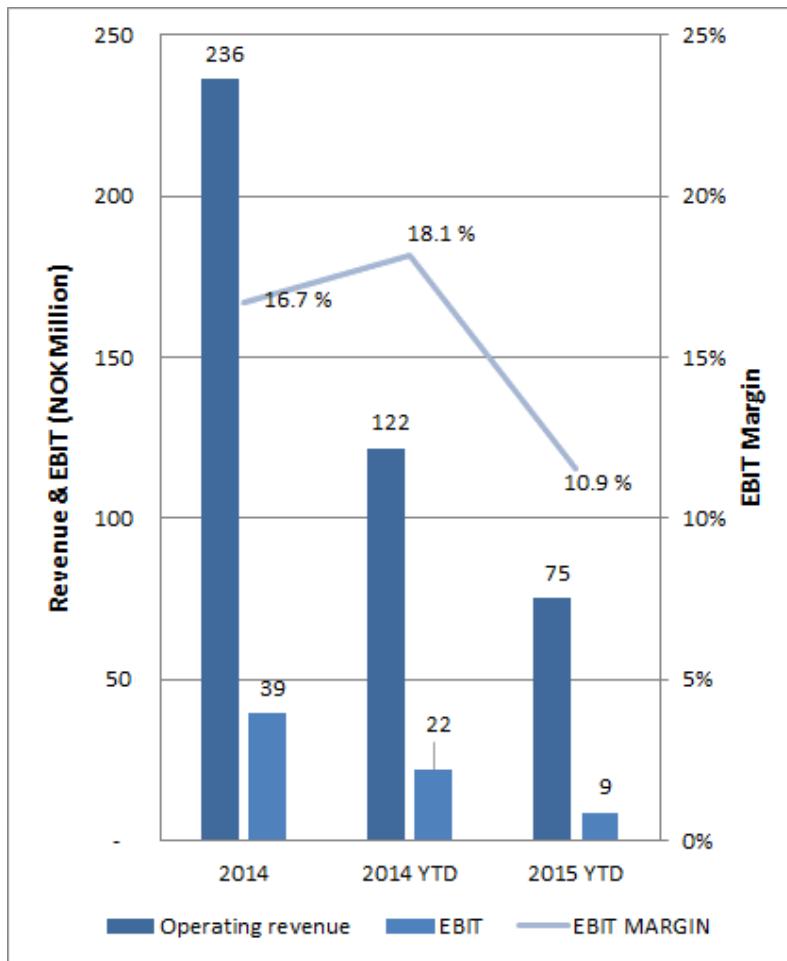


- Delivered in 2015
 - 832 SOV windmill service, NB 118
 - 832 SOV windmill service, NB 119
- Outfitting in Leirvik at 30.06.15
 - 535 Fishing vessel, NB 121
 - 843 AHTS ICE, NB 122
- Zero result in these projects in 2015 are reducing margins compared to second quarter of 2014
- No order intake in period.
- Order backlog of MNOK 1.889
 - 1 PSV, 1 SOV, 3 AHTS ICE, 1 Fishing vessel (delivered July), 1 Live fish carrier

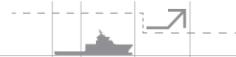


Detailed Figures (cont.)

- Design & Solutions

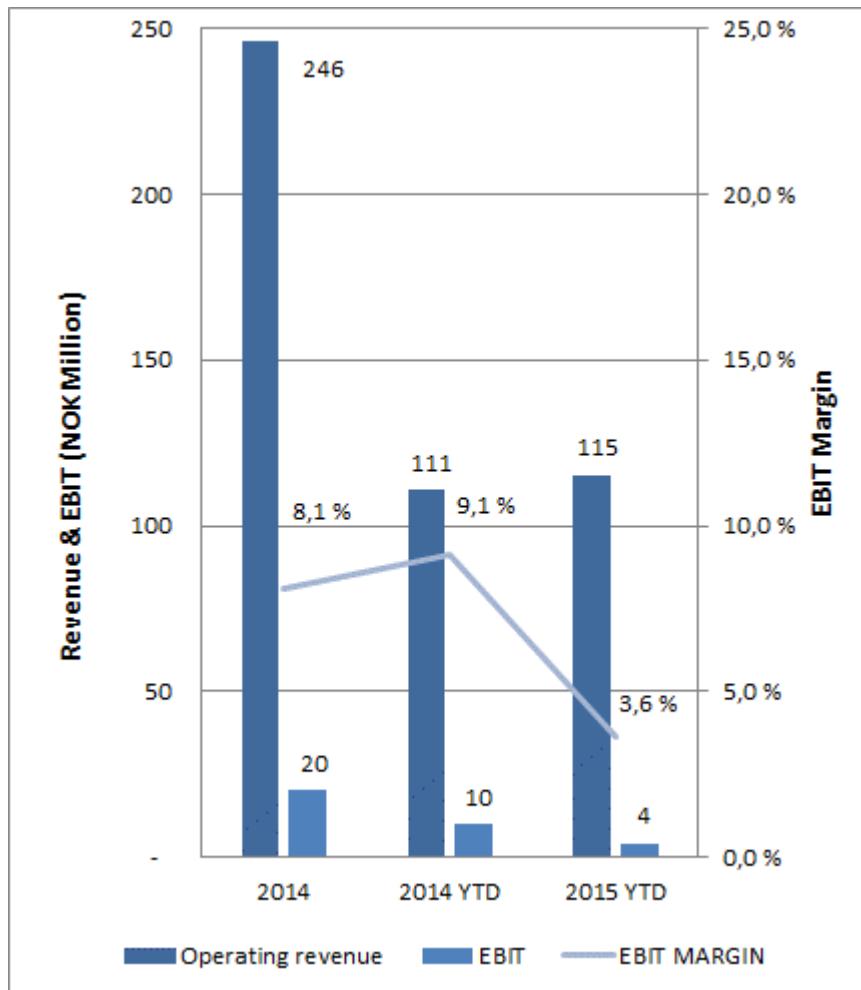


- Lower capacity utilization reduces margins in the second quarter of 2015 compared with second quarter of 2014
- External Order intake Q2 126 mill
- Order backlog of MNOK 249
 - External: MNOK 237
 - Internal: MNOK 12



Detailed Figures (cont.)

- Power & Systems

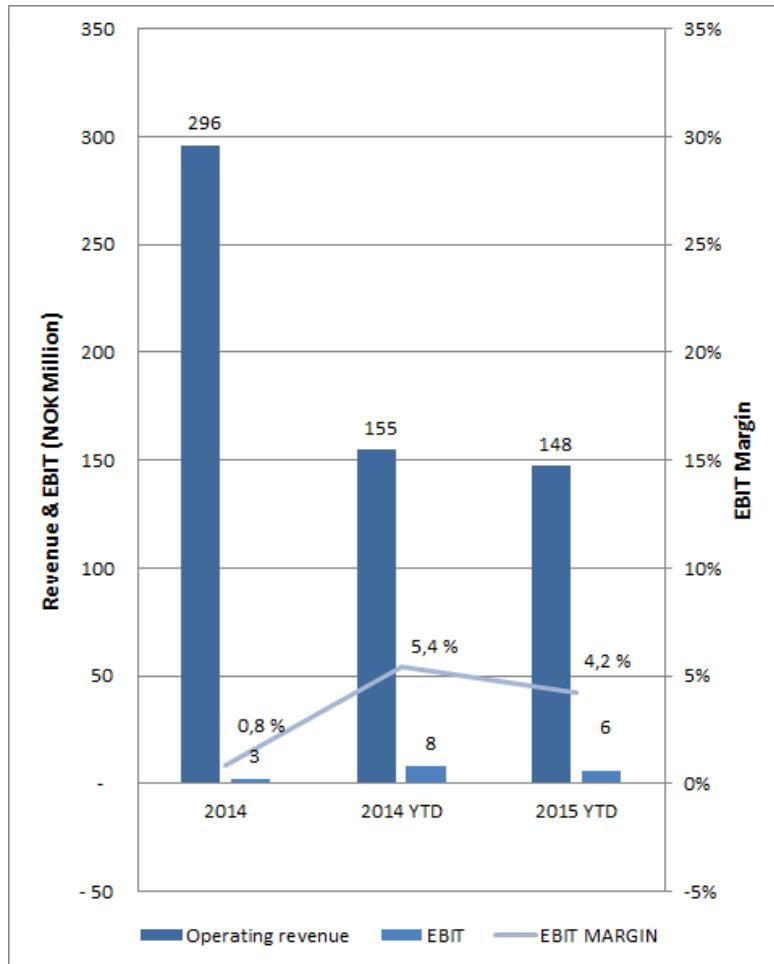


- Restructuring
 - Havyard Production & Service incorporated in Ship Technology
 - Norwegian Electric Systems incorporated in Power & Systems from February 2015
- Lower capacity utilization and work on projects where loss provisions were set in earlier periods gives reduced margins in second quarter of 2015
- No order intake in period.
- Order backlog of NOK 176 million
 - External: NOK 54 million
 - Internal: NOK 122 million

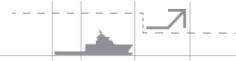


Detailed Figures (cont.)

- MMC



- Lower capacity utilization and continued work on projects where loss provisions were made in 2014 reduces margins in second quarter of 2015 compared with the second quarter of 2014
- External Order intake Q2 124 mill
- Order backlog of NOK 139 million
 - External: NOK 119 million
 - Internal: NOK 20 million



BALANCE SHEET Q2.2015

(NOK 1000)

	2015 Q2 (unaudited)	2015 Q1 (unaudited)	2014
ASSETS			
Non current assets			
Goodwill	60 094	60 094	23 918
Licenses, patents and R&D	67 218	65 950	59 912
Property, plant and equipment	257 680	262 174	263 549
Investment in associates	79 145	76 950	88 190
Loan to associates	16 788	15 194	14 817
Investment in financial assets	159 921	172 071	172 071
Other non current receivable	70 460	69 200	68 827
Total non current assets	711 306	721 633	691 284
Current Assets			
Inventory	52 759	44 985	40 673
Accounts receivables	136 261	93 928	79 123
Other receivables	96 962	97 627	88 274
Construction WIP in excess of prepayments	597 918	356 455	642 464
Cash and cash equivalents	168 317	220 916	194 562
Total Current Assets	1 052 217	813 911	1 045 096
TOTAL ASSETS	1 763 523	1 535 544	1 736 380
EQUITY AND LIABILITIES			
Equity			
Share capital	1 126	1 126	1 126
Share premium reserve	5 462	5 462	5 462
Treasury shares	-7	-7	-7
Retained earnings	587 998	599 974	583 750
Non-controlling interest	24 188	23 154	6 009
Total equity	618 768	629 709	596 340
Long term liabilities			
Deferred tax liability	56 592	58 955	48 447
Bond loan	147 836	147 219	146 941
Loans and borrowings, non-current	74 528	75 394	61 574
Other long-term liabilities	1 497	1 926	2 191
Total long term liabilities	280 453	283 494	259 153
Current liabilities			
Accounts payables	137 984	103 845	149 267
Taxes payable	3 428	3 428	3 925
Provision for dividend	-	-	-
Public duties payables	39 342	10 056	19 310
Construction loans	370 247	134 493	515 540
Loans and borrowings, current	40 727	27 605	38 230
Prepayments in excess of construction WIP	149 559	144 620	53 164
Other current liabilities	123 015	198 294	101 451
Total current liabilities	864 302	622 341	880 887
Total liabilities	1 144 755	905 835	1 140 040
TOTAL EQUITY AND LIABILITIES	1 763 523	1 535 544	1 736 380

■ Per Q2 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

■ Net interest bearing debt: MNOK 186

■ Working capital: MNOK 188

■ Equity ratio: 35 %



CASH FLOW

(NOK 1000)	2015 YTD (Unaudited)	2015 Q2 (Unaudited)	2014
CASH FLOW FROM OPERATIONS			
Profit/(loss) before tax	13 628	-14 178	39 100
Taxes paid	-1 807	-	-57 903
Depreciation	12 735	6 458	21 064
Profit of purchase in associates	-22 603	-	-
Impairment	-	-	-
Share of (profit)/loss from associates	-2 929	-1 980	-6 036
Changes in inventory	-7 214	-8 187	-1 801
Net changes in construction loans	-104 566	276 481	380 752
Changes in accounts receivables/construction WIP	64 200	-235 638	-377 893
Changes in accounts payable	-37 350	15 156	20 989
Changes in prepayments from customers	90 839	18 470	-179 638
Changes in other current receivables/liabilities	-57 337	-104 712	15 233
Net cash flow from/(to) operating activities	-52 404	-48 130	-146 133
CASH FLOW FROM INVESTMENTS			
Investments in property, plant and equipment	-18 140	-15 836	-42 585
Investment in intangible assets	-	1 702	-20 290
Investment in/disposal of financial assets	12 150	12 150	136 824
Purchase of subsidiaries	-18 270	-	-
Interest income	7 217	5 490	12 626
Dividends received	-	-	1 990
Changes in long term receivables	-3 603	-2 853	-4 968
Net cash flow used in investing activities	-20 646	653	83 597
CASH FLOW FROM FINANCING ACTIVITIES			
New long term debt	15 994	-	146 400
Repayment long term debt	-3 734	-1 295	-43 020
Purchase of minority shares in Havyard MMC	-	-	-25 191
Interest costs	-8 165	-4 033	-13 475
Purchase/sale of treasury shares	-	-	5 999
Dividends	-10 073	-	-94 996
Net cash flow from/ (used in) financing activities	-5 978	-5 328	-24 283
Net change in cash and cash equivalents	-79 028	-52 805	-86 819
Cash and cash equivalents at start of the period	194 562	134 231	281 381
Cash and cash equivalents from purchase of subsidiaries	52 783		
Cash and cash equivalents at end of the period	168 317	168 317	194 562
Restricted bank deposits at the end of the period	89 471	89 471	114 377
Available cash and cash equivalents at the end of the period	78 846	78 846	80 185

Negative CF from operations in Q2:

- Low profit and reduction in other current receivables/liabilities

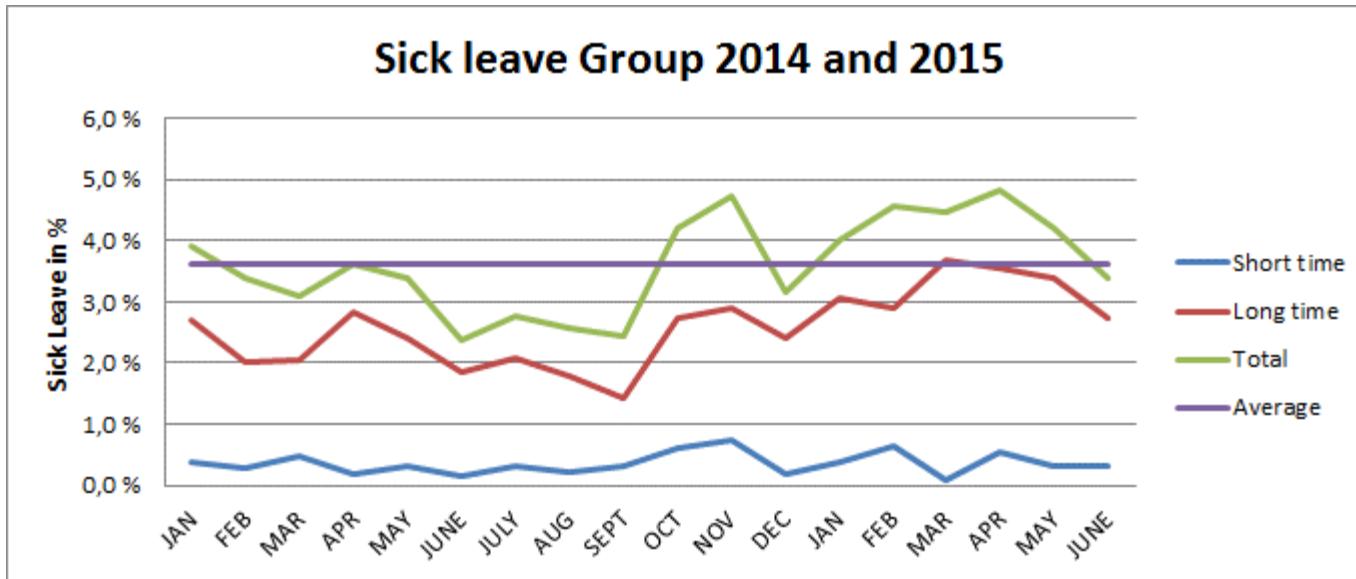
Positive CF from Investments Q2:

- Sale of shares in Fosnavåg Vekst

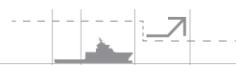
Negative CF from financing Q2:

- Interest costs

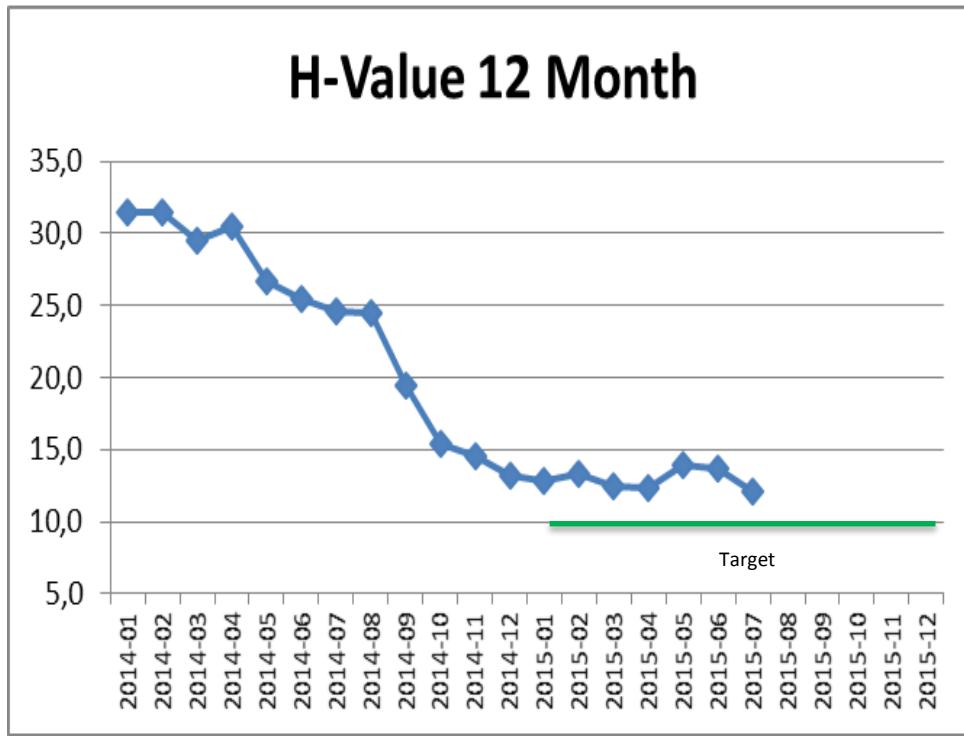
HES/ QA



- 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 half year of 2015 the sick leave is 4.24 %
 - 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

