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Presentation Q3 2015

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Agenda

- Headlines/ milestones Q3
- Outlook
- Main figures
- Detailed figures
- HES/ QA
- Questions



Headlines/Milestones Q3

- Delivery of newbuild no. 121, a purse seiner / trawler to Smaragd AS
- EBIT of NOK -2 million and EBIT-margin of -0.4% in third quarter of 2015
- EBIT of NOK -7 million and EBIT-margin of -0.5 % in first three quarters of 2015
- Lower EBIT margin compared to previous year due to due to lower utilization in all business areas. This affected Havyard Ship Technology in particular.
- Order intake
 - Design and building an offshore construction ship to Marine Platforms Ltd.
 - Postponed from June 2017 to June 2018.
 - Good order intake in all business areas.



Outlook

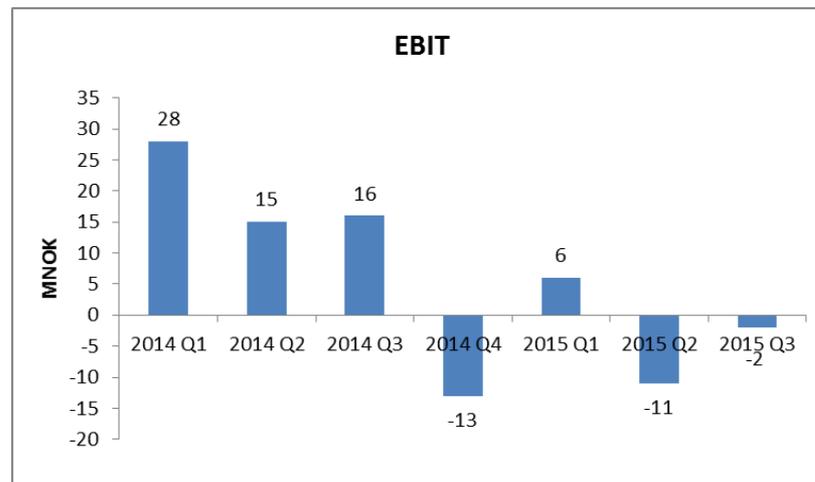
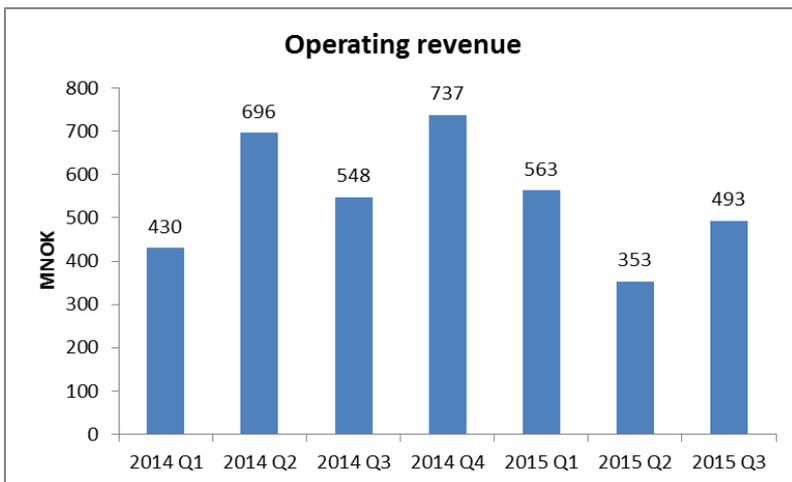
- Havyard has over time had a diversification strategy, where we have developed and delivered products for fisheries, aquaculture as well as the renewable energy sector. We experience good activity and many new projects in these segments.
- We will continue to strengthen our competitiveness through restructuring, rationalization and downsizing for adapting the capacity and this will give positive effects from the start of 2016.
- Cooperate with our customers to develop new competitive products.



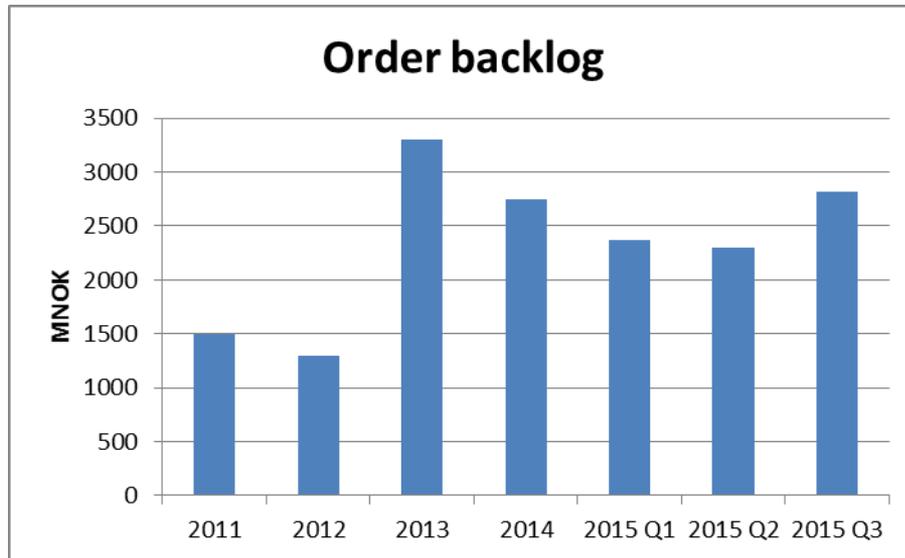
Main Figures

Group Key Figures

	2015 YTD	2014 YTD	Q3 15	Q3 14	2014
Operating revenue	1410	1673	493	548	2 411
EBITDA	12	76	5	22	66
EBIT	-7	59	-2	16	45
EBIT-margin	-0.5 %	3.5 %	-0.4%	3.0 %	1.9 %
Profit before tax	19	60	5	17	39
Earnings per share	0.94	1.90	0.30	0.63	1.24
NIBD	198	64	197	64	167
Working Capital	189	164	189	164	164



Main Figures (cont.)



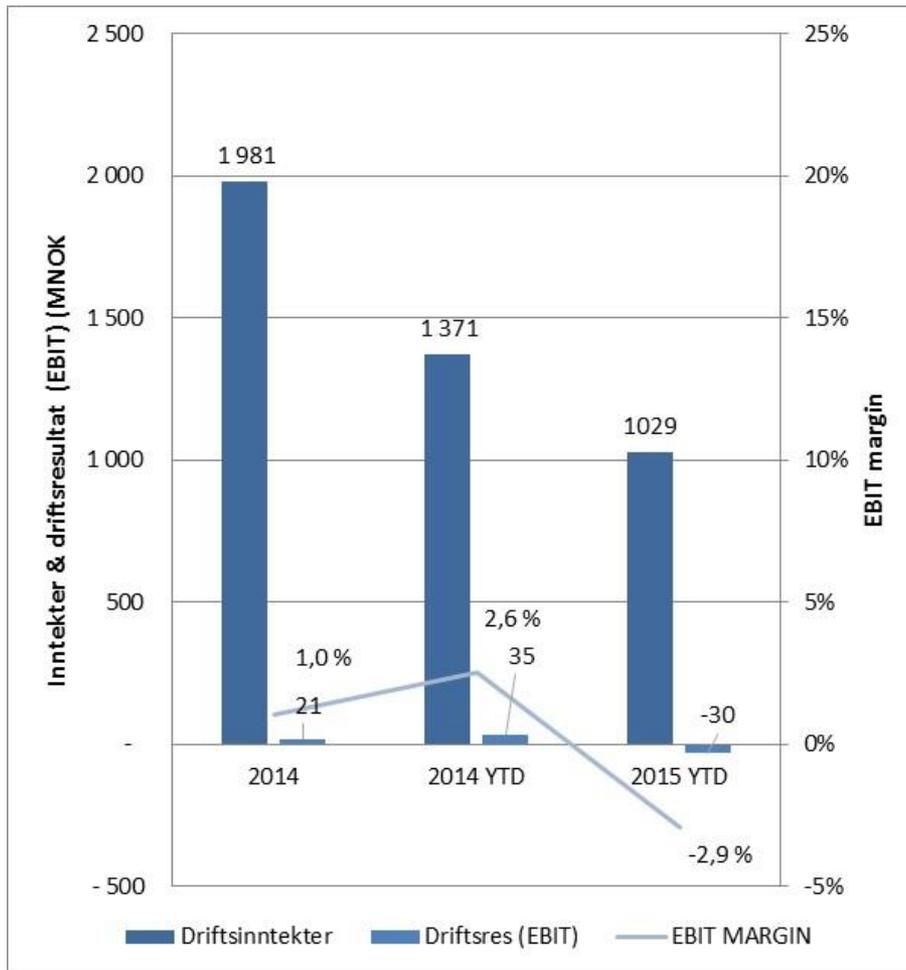
- External order backlog of approx. MNOK 2.812
 - MNOK 446 in 2015
 - MNOK 1.428 in 2016
 - MNOK 350 in 2017
 - MNOK 588 in 2018

-> increase in external order book for all segments per Q3.2015 compared to Q2.2015



Detailed Figures

- Ship Technology



- Delivered in 2015
 - 832 SOV windmill service, NB 118
 - 832 SOV windmill service, NB 119
 - 535 Fishing Vessel, NB 121

- Outfitting in Leirvik at 30.09.15
 - 843 AHTS ICE, NB 122
 - 587, NB 124

- Zero result in these projects in 2015 are reducing margins compared per third quarter of 2014. In addition lower activity level than estimated.

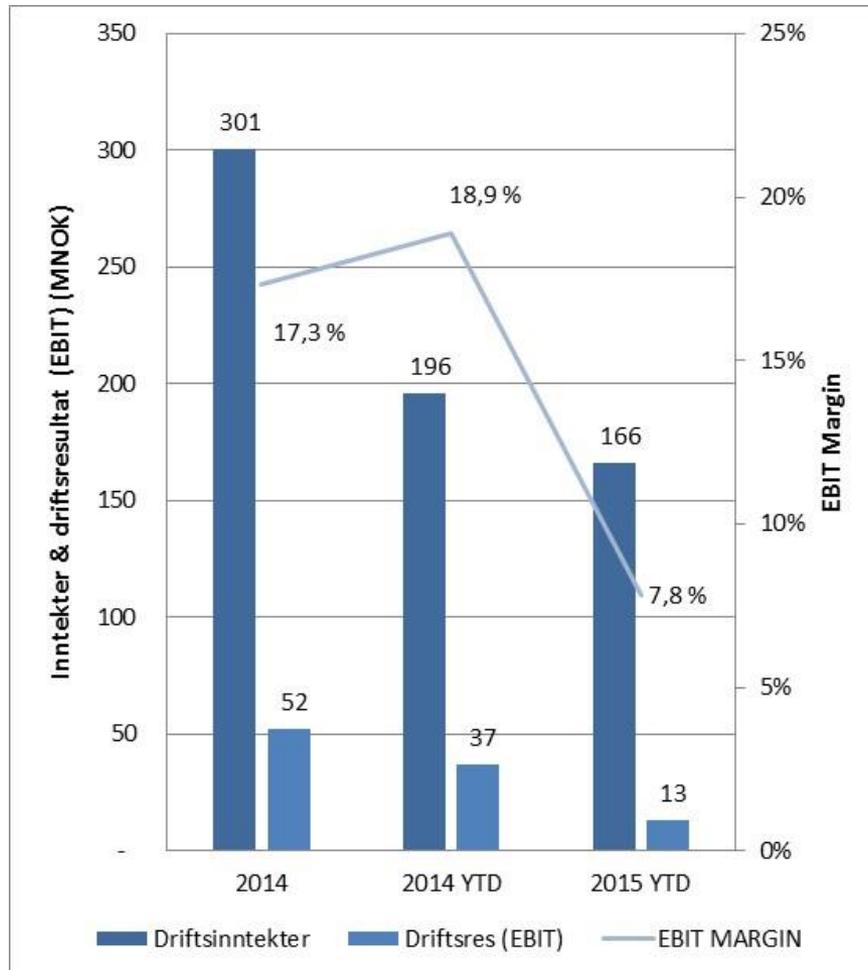
- New Order Havyard 858 L WE subsea vessel (Postponed to 2018)

- Order backlog of MNOK 2.312
 - 1 PSV, 1 SOV, 3 AHTS ICE, 1 Fishing vessel (delivered July), 1 Live fish carrier



Detailed Figures (cont.)

- Design & Solutions



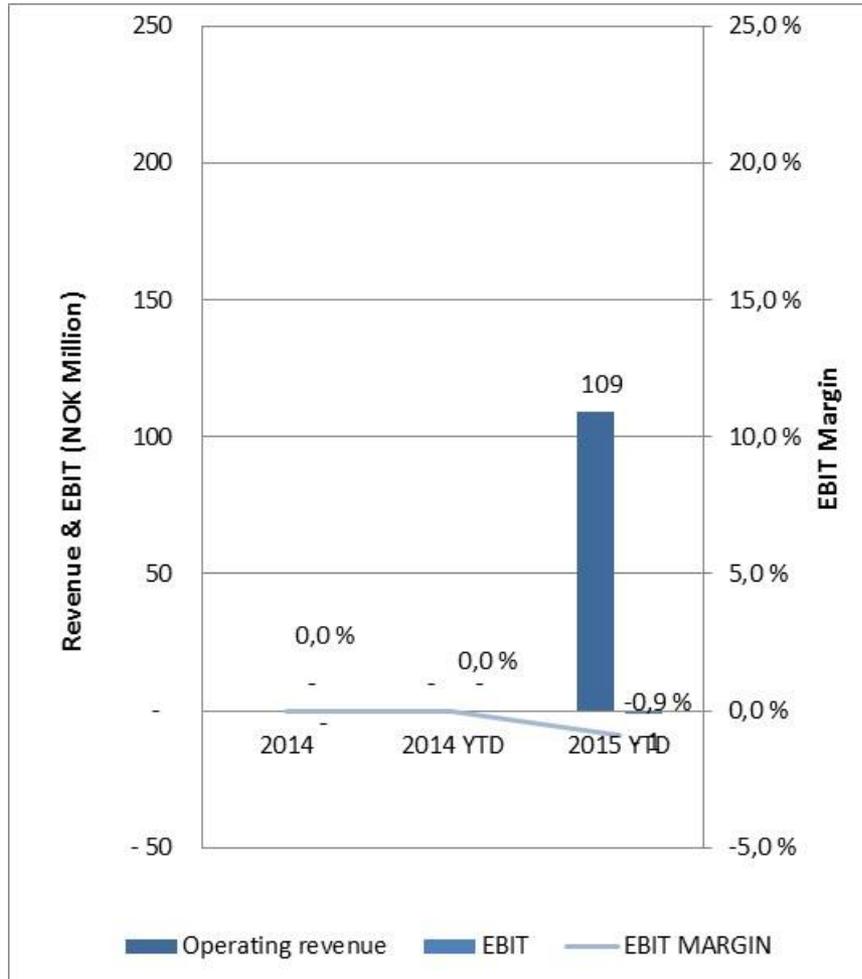
- Lower capacity utilization reduces margins in the third quarter of 2015 compared with third quarter of 2014
- Order backlog of MNOK 283
 - External: MNOK 245
 - Internal: MNOK 38
- Orderbook per Q3 increased by 18 MNOK compared to Q2.

Havyard Power & Systems (HPS) are now under the Havyard Design & Solution segment. HPS where earlier reported under the Power and Systems segment. Comparable numbers are adjusted for the change in segments.



Detailed Figures (cont.)

- NES Power & Systems



- Restructuring
 - Havyard Production & Service incorporated in Ship Technology
 - Norwegian Electric Systems incorporated in Power & Systems from February 2015
 - Havyard Power & System from Q3 2015 part of Havyard design and solution.

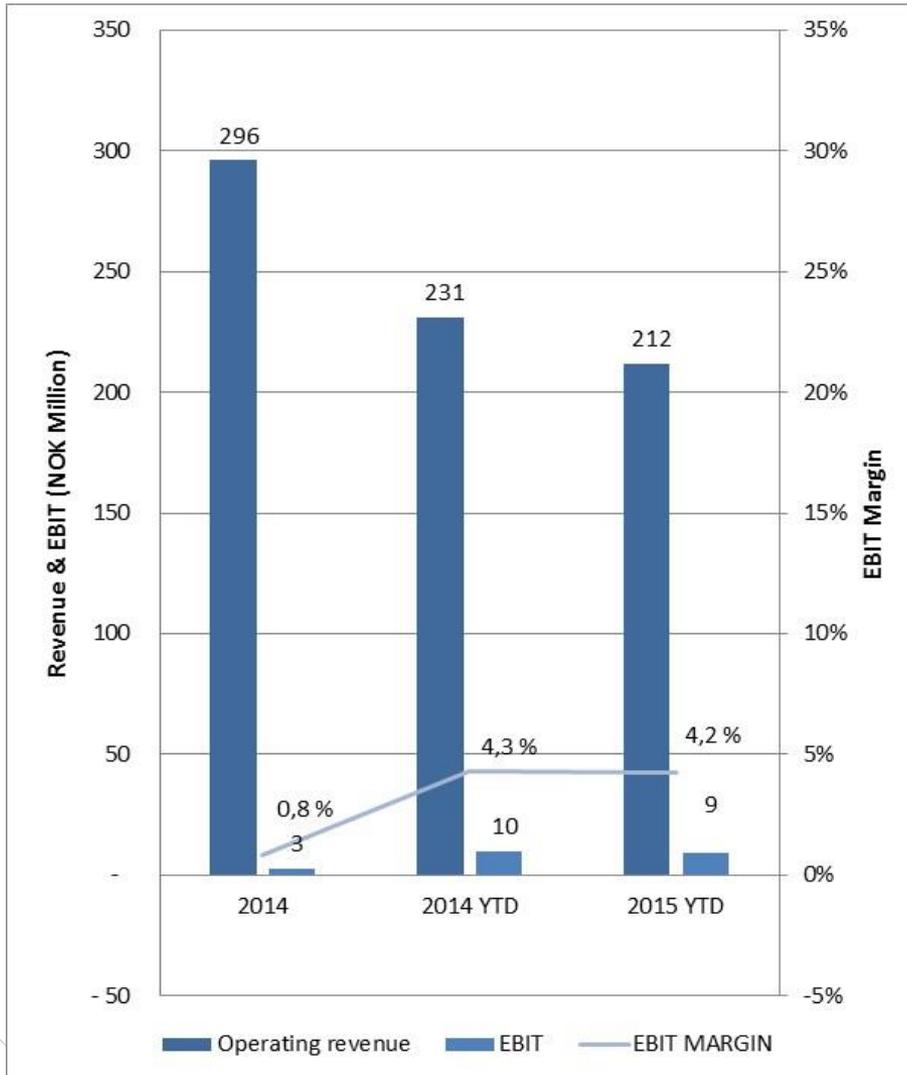
- Lower activity and capacity utilization give reduced margins per third quarter of 2015

- Order backlog of NOK 123 million
 - External: NOK 69 million
 - Internal: NOK 54 million

- Orderbook per Q3 increased by 62 MNOK compared to Q2.

Detailed Figures (cont.)

- MMC



- The operating profit (EBIT) of NOK 9.4 million in the first three quarters of 2015 is equal to the operating profit in the corresponding period of 2014.
- Positive trend in activity-level margins.
- Order backlog of NOK 146 million
 - External: NOK 138 million
 - Internal: NOK 8 million
- Orderbook per Q3 increased by 18 MNOK compared to Q2.



BALANCE SHEET Q3.2015

(NOK 1000)

	2015 Q3 (unaudited)	2014
ASSETS		
Non current assets		
Goodwill	60 094	23 918
Licenses, patents and R&D	69 485	59 912
Property, plant and equipment	253 067	263 549
Investment in associates	80 397	88 190
Loan to associates	17 889	14 817
Investment in financial assets	160 029	172 071
Other non current receivable	71 204	68 827
Total non current assets	712 165	691 284
Current Assets		
Inventory	55 642	40 673
Accounts receivables	142 813	79 123
Other receivables	99 348	88 274
Construction WIP in excess of prepayments	713 561	642 464
Cash and cash equivalents	156 834	194 562
Total Current Assets	1 168 198	1 045 096
TOTAL ASSETS	1 880 363	1 736 380
EQUITY AND LIABILITIES		
	2015 Q3 (unaudited)	2014
Equity		
Share capital	1 126	1 126
Share premium reserve	5 463	5 463
Treasury shares	-5	-7
Retained earnings	596 608	583 750
Non-controlling interest	21 275	6 009
Total equity	624 467	596 340
Long term liabilities		
Deferred tax liability	53 520	48 447
Bond loan	148 310	146 941
Loans and borrowings, non-current	73 553	61 574
Other long-term liabilities	2 133	2 191
Total long term liabilities	277 516	259 153
Current liabilities		
Accounts payables	120 151	149 267
Taxes payable	3 428	3 925
Provision for dividend	-	-
Public duties payables	19 513	19 310
Construction loans	480 381	515 540
Loans and borrowings, current	44 126	38 230
Prepayments in excess of construction WIP	136 420	53 164
Other current liabilities	174 362	101 451
Total current liabilities	978 381	880 887
Total liabilities	1 255 897	1 140 040
TOTAL EQUITY AND LIABILITIES	1 880 363	1 736 380

- Per Q3
 - Increases goodwill MNOK 36 (Norwegian Electric Systems)
 - Reduces investment in associates MNOK 8
 - Increases non-controlling interest MNOK 15 (NES)
 - Increases retained earnings MNOK 13
 - Increases working capital MNOK 2

- Net interest bearing debt: MNOK 198

- Working capital: MNOK 189

- Equity ratio: 33 %



CASH FLOW

(NOK 1000)	2015 YTD (Unaudited)	2015 Q3 (Unaudited)	2014
CASH FLOW FROM OPERATIONS			
Profit/(loss) before tax	18 570	4 942	39 100
Taxes paid	-1 807	-	-57 903
Depreciation	19 476	6 741	21 064
Profit of purchase in associates	-22 603	-	-
Impairment	-	-	-
Share of (profit)/loss from associates	-4 180	-1 251	-6 036
Changes in inventory	-9 685	-2 471	-1 801
Net changes in construction loans	-35 159	69 407	380 752
Changes in accounts receivables/construction WIP	-65 385	-129 585	-377 893
Changes in accounts payable	-66 201	-28 851	20 989
Changes in prepayments from customers	81 735	-9 104	-179 638
Changes in other current receivables/liabilities	19 141	88 688	15 233
Net cash flow from/(to) operating activities	-66 099	-1 485	-146 133
CASH FLOW FROM INVESTMENTS			
Investments in property, plant and equipment	-3 292	-1 687	-42 585
Investment in intangible assets	-7 068	-2 743	-20 290
Investment in/disposal of financial assets	12 042	-108	136 824
Purchase of subsidiaries	-18 270	-	-
Interest income	8 106	889	12 626
Dividends received	-	-	1 990
Changes in long term receivables	-5 449	-1 846	-4 968
Net cash flow used in investing activities	-13 931	-5 495	83 597
CASH FLOW FROM FINANCING ACTIVITIES			
New long term debt	17 363	1 369	146 400
Repayment long term debt	-4 073	-339	-43 020
Purchase of minority shares in Havyard MMC	-	-	-25 191
Interest costs	-14 109	-5 944	-13 475
Purchase/sale of treasury shares	410	410	5 999
Dividends	-10 073	-	-94 996
Net cash flow from/ (used in) financing activities	-10 482	-4 504	-24 283
Net change in cash and cash equivalents	-90 511	-11 483	-86 819
Cash and cash equivalents at start of the period	194 562	168 317	281 381
Cash and cash equivalents from purchase of subsidiaries	52 783	-	-
Cash and cash equivalents at end of the period	156 834	156 834	194 562
Restricted bank deposits at the end of the period	88 412	88 412	114 377
Available cash and cash equivalents at the end of the period	68 421	68 421	80 185

Negative CF from operations in Q3:

- Low profit
- Increased accounts receivables / Construction WIP and reduced accounts payable.
- Change in other current receivables / liabilities and construction loans helped reducing the negative cash flow.

Negative CF from Investments Q3:

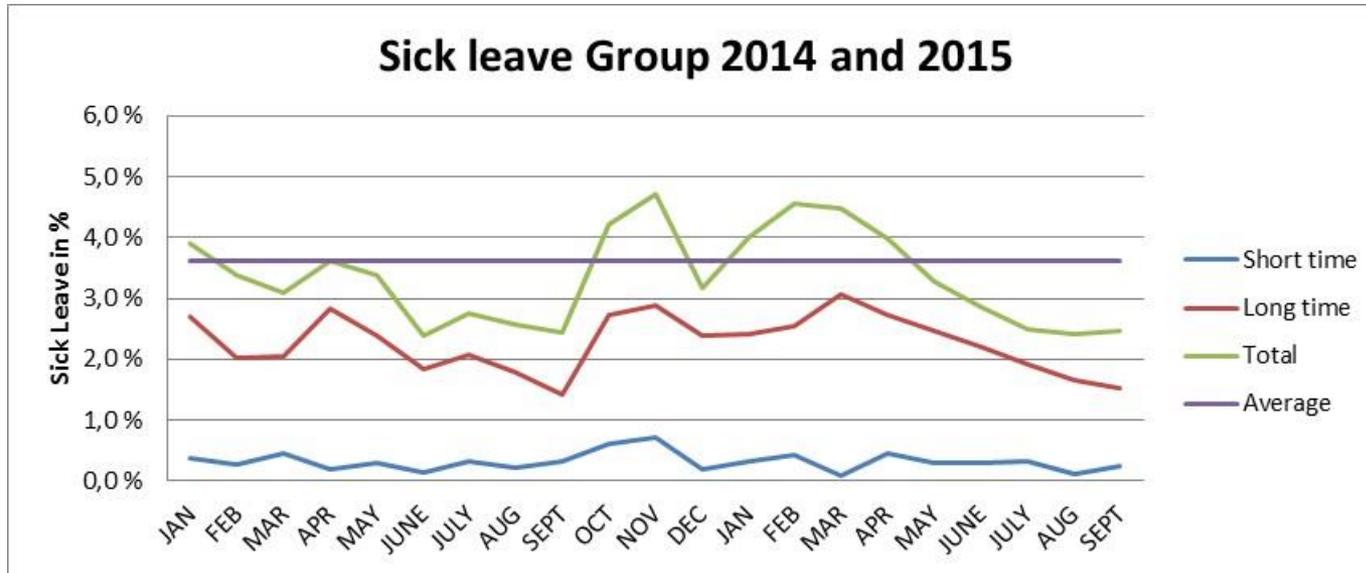
- New minor investments

Negative CF from financing Q3:

- Interest costs



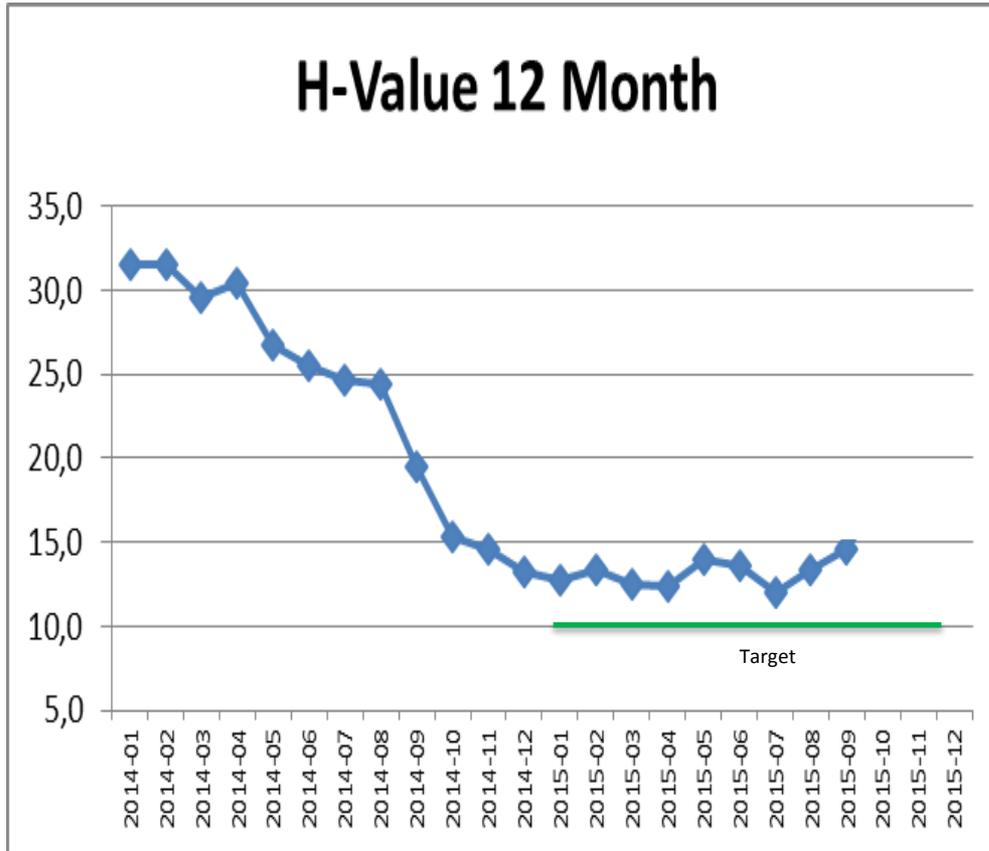
HES/ QA



- 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
- Average sick leave first three quarters of 2015 is 3.39 %
 - (Average for last 21 months 3.34%)



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 costumers

