

Havyard Group ASA

Presentation Q4 2015, 26.02.16

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Agenda

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



Headlines/Milestones Q4

HIGHLIGHTS

- EBIT of NOK – 56.1 million and EBIT-margin of -17.8 % in fourth quarter of 2015. EBIT of NOK – 63.2 million in 2015 with an EBIT-margin of – 3.7%
- EBIT-margin strongly affected by restructuring cost, lower activity than planned in most business areas, and non-recurring items. The postponement of NB 126 have alone had a negative effect on the result for fourth quarter with about NOK 30 million.
- Impairment and value adjustment of financial assets related to ship investments in the offshore segment totalling NOK 50 millions in fourth quarter 2015. These effects explains a large proportion of the quarters total comprehensive income on NOK -102 Million
- Delivery in the quarter
 - NB 122, a AHTS Icebreaker to FEMCO (Russia)
 - NB 124, a live fish carrier to Norsk Fisketransport AS (Norway)
- **Postponed delivery**
 - Postponement of delivery NB 126 (PSV Ice) to Fafnir Offshore from March 2017 to June 2017.
 - Postponement of delivery NB 123 to Marine Platforms Ltd from 2017 to 2018.



Outlook

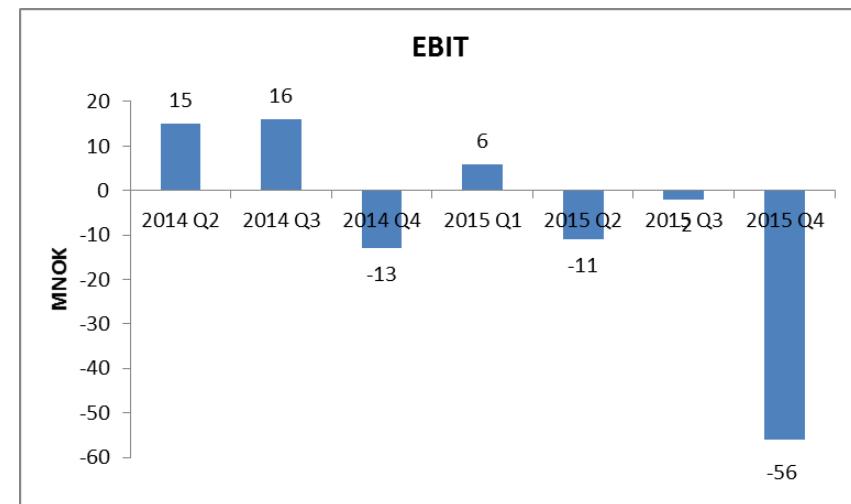
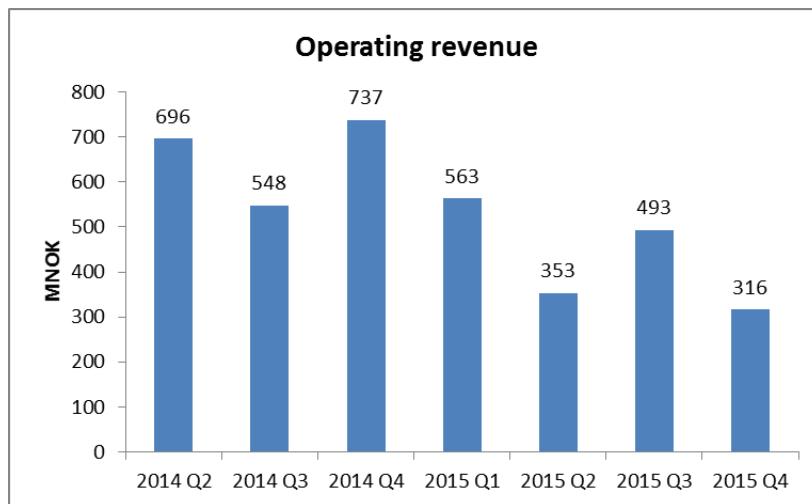
- Havyard has succeeded with the diversification strategy
 - We have developed and delivered products for fisheries, aquaculture as well as the renewable energy sector.
 - We expect good profitability on projects within these segments for delivery in 2016 and 2017.
- Market
 - We experience good activity and are included in the final rounds of several new projects within these segments, but are experiencing pressure on the price from "offshore capacity".
 - To secure future profitability we have started a strategic review to be more profitable, to be able to adjust future volume and activity within these segments.
- Very challenging market situation has given increased counterparty risk on the customer and supplier side.
- Challenging cashflow situation on short term basis, but expects improvement during March / April in conjunction with delivery of two hulls and agreed payments from the ship owner.



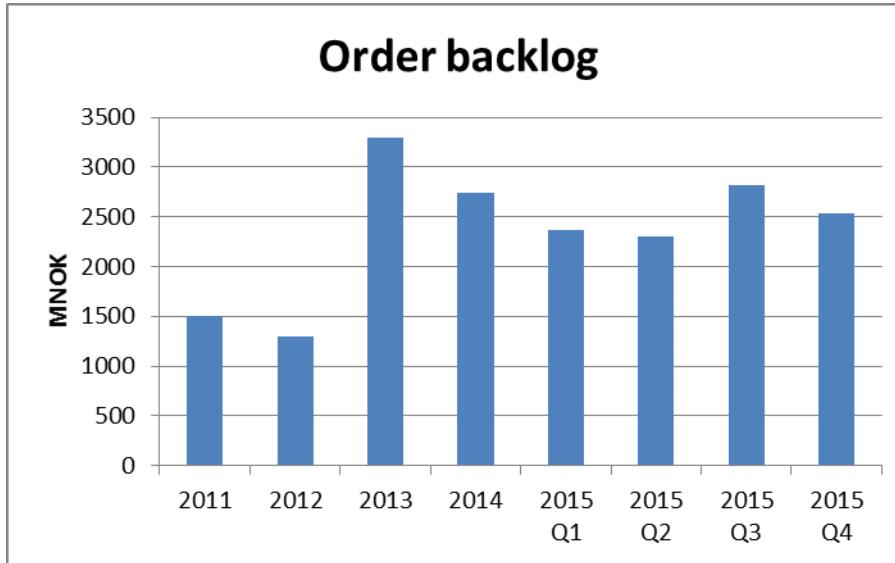
Main Figures

Group Key Figures

	2015	2014	Q4 15	Q4 2014
Operating revenue	1725	2411	316	737
EBITDA	-35	66	-48	-9
EBIT	-63	45	-56	-13
EBIT-margin	-3.7 %	1.9 %	-17.8 %	-1.8
Profit before tax	-86	39	-105	-15
Earnings per share	-2.72	1.24	-3.66	-0.52
NIBD	168	167	168	167
Working Capital	127	164	127	164



Main Figures (cont.)



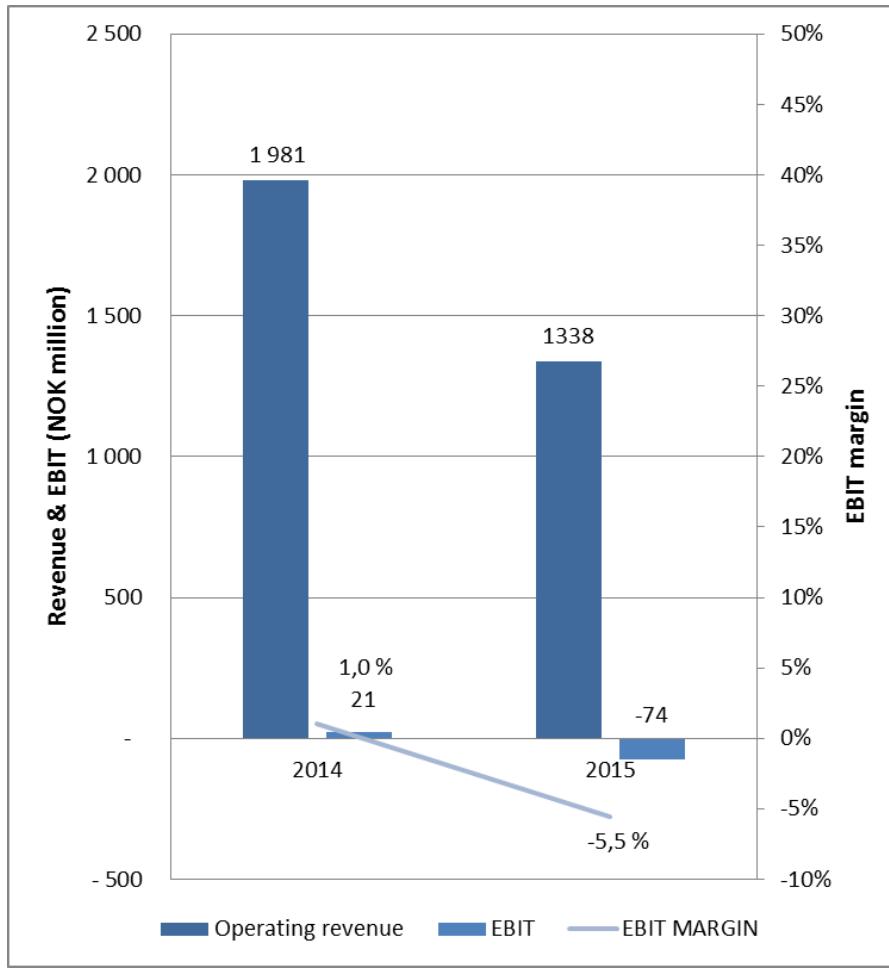
- External order backlog of approx. MNOK 2.537
 - MNOK 1.558 in 2016
 - MNOK 391 in 2017
 - MNOK 588 in 2018

-> increase in external order book for MMC Fish Handling & Refrigeration and Design & Solutions Segments. Reduced order book for other two segments.



Detailed Figures

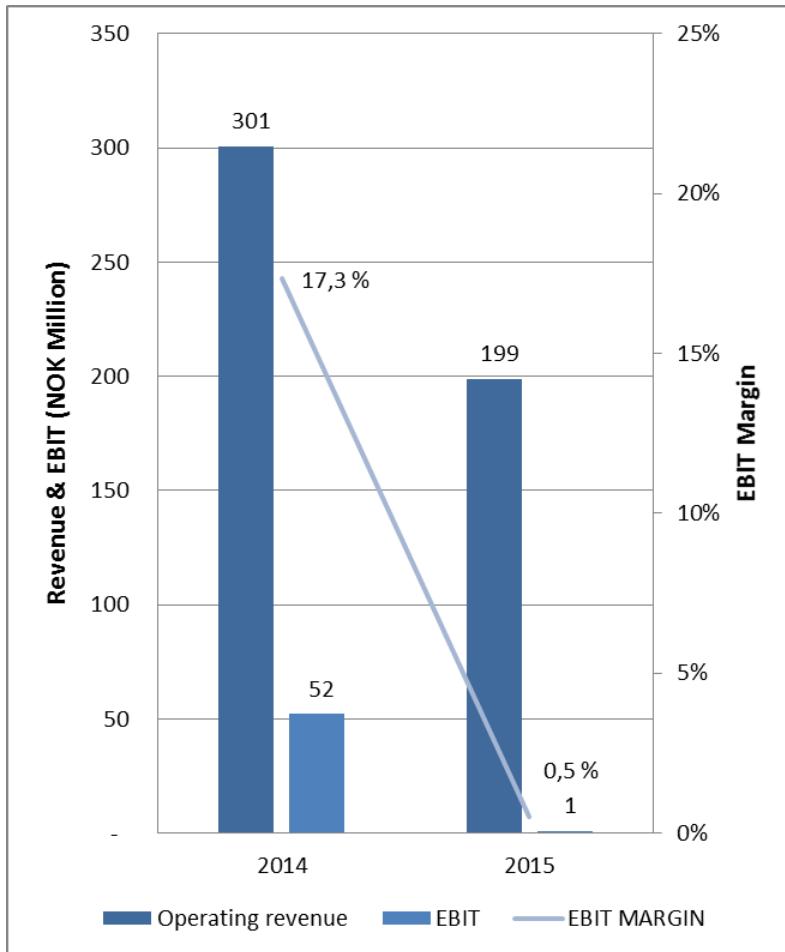
- Ship Technology



- Delivered in 2015
 - 832 SOV windmill service, NB 118
 - 832 SOV windmill service, NB 119
 - 535 Fishing Vessel, NB 121
 - 843 AHTS ICE, NB 122
 - 587 live fish carrier, NB 124
- Lower margins on most projects in 2015 compared to 2014. In addition lower activity level than estimated. Negative effect because of postponement NOK 30 million (NB 126).
- No new order in the quarter (one new order for a live fish carrier January 2016)
- Order backlog of MNOK 2.006
 - 1 PSV, 1 SOV, 2 AHTS ICE, 1 OCV

Detailed Figures (cont.)

- Design & Solutions

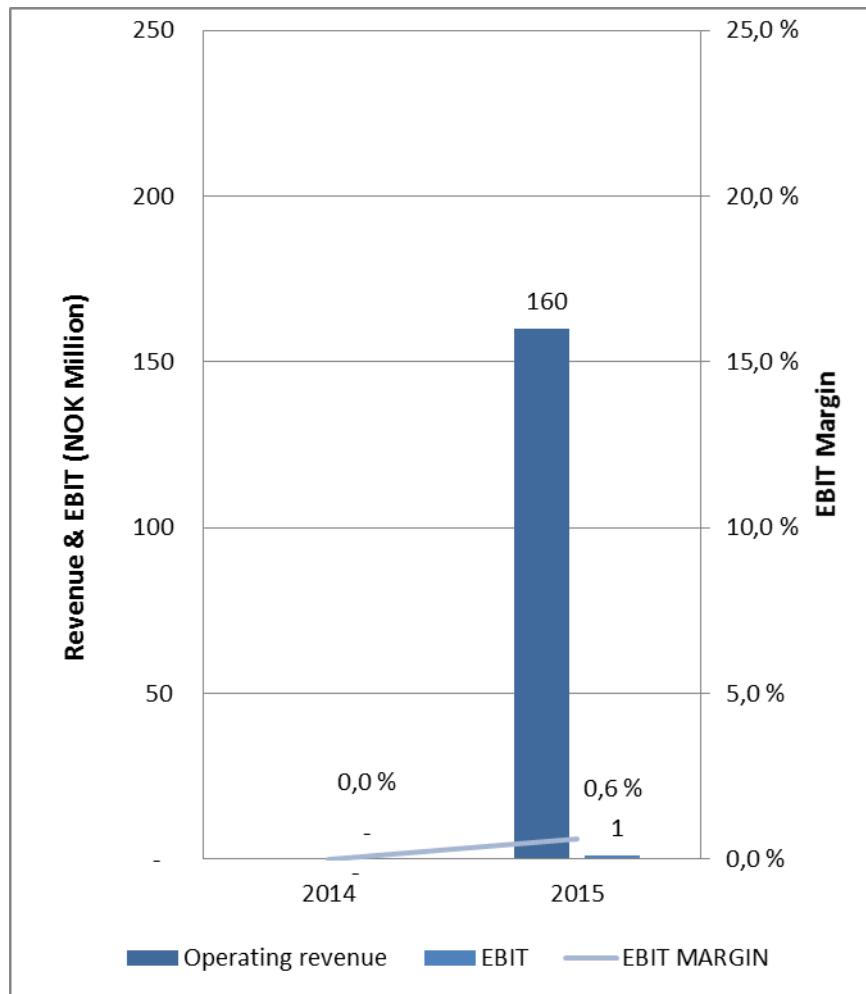


- Lower capacity utilization reduces margins in 2015 compared with 2014
- Order backlog of MNOK 398
 - External: MNOK 312
 - Internal: MNOK 86

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.

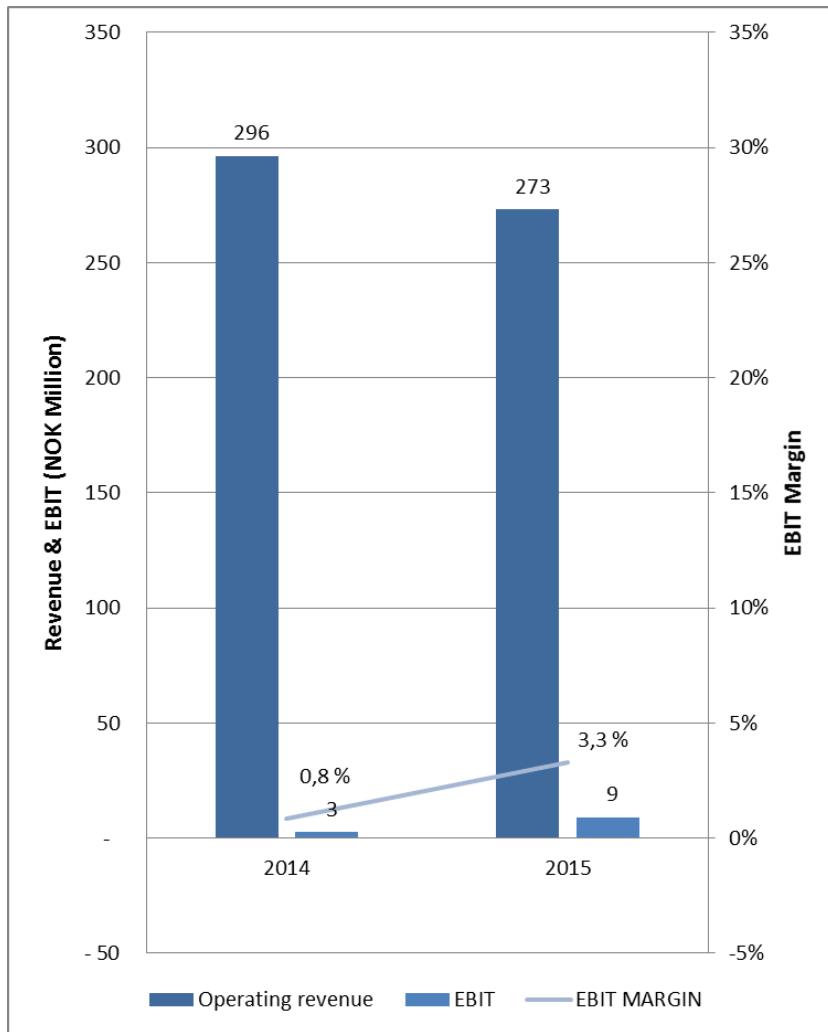
■ Lower activity and capacity utilization give reduced margins of 2015

■ Order backlog of NOK 95million

- External: NOK 59 million
- Internal: NOK 36 million

Detailed Figures (cont.)

- MMC



- The operating profit (EBIT) of NOK 8.6 million in the 2015 is increase from the operating profit of NOK 2.5 million in 2014.
- Positive trend in activity-level margins.
- Order backlog of NOK 184 million
 - External: NOK 181 million
 - Internal: NOK 3 million
- Orderbook per Q4 increased by 38 MNOK compared to Q3.



BALANCE SHEET Q4.2015

(NOK 1000)

	2015 (unaudited)	2014
ASSETS		
Non current assets		
Goodwill	60 094	23 918
Licenses, patents and R&D	75 726	59 912
Property, plant and equipment	252 573	263 549
Investment in associates	75 691	88 190
Loan to associates	18 673	14 817
Investment in financial assets	110 030	172 071
Other non current receivable	65 774	68 827
Total non current assets	658 560	691 284
Current Assets		
Inventory	50 075	40 673
Accounts receivables	83 467	79 123
Other receivables	103 853	88 274
Construction WIP in excess of prepayments	233 379	642 464
Cash and cash equivalents	224 629	194 562
Total Current Assets	695 403	1 045 096
TOTAL ASSETS	1 353 963	1 736 380

(NOK 1000)

	2015 (unaudited)	2014
EQUITY AND LIABILITIES		
Equity		
Share capital	1 126	1 126
Share premium reserve	5 463	5 463
Treasury shares	-5	-7
Retained earnings	493 827	583 750
Non-controlling interest	22 097	6 009
Total equity	522 508	596 340
Long term liabilities		
Deferred tax liability	33 239	48 447
Bond loan	148 898	146 941
Loans and borrowings, non-current	76 195	61 574
Other long-term liabilities	5 164	2 191
Total long term liabilities	263 496	259 153
Current liabilities		
Accounts payables	156 601	149 267
Taxes payable	186	3 925
Provision for dividend		-
Public duties payables	52 413	19 310
Construction loans	87 286	515 540
Loans and borrowings, current	20 673	38 230
Prepayments in excess of construction WIP	43 634	53 164
Other current liabilities	207 167	101 451
Total current liabilities	567 960	880 887
Total liabilities	831 456	1 140 040
TOTAL EQUITY AND LIABILITIES	1 353 963	1 736 380

- Increases goodwill MNOK 36 (Norwegian Electric Systems)
- Reduces investment in associates MNOK 12
- Increases non-controlling interest MNOK 16 (NES)
- Decreased retained earnings MNOK 90
- Decreased working capital MNOK 38
- Impairment MNOK 50 financial assets

- Net interest bearing debt: MNOK 116

- Working capital: MNOK 127

- Equity ratio: 39 %

CASH FLOW

(NOK 1000)	2015 (Unaudited)	2014	2015 Q4 (Unaudited)
CASH FLOW FROM OPERATIONS			
Profit/(loss) before tax	-85 951	39 100	-104 521
Taxes paid	-1 807	-57 903	-
Depreciation	28 057	21 064	8 581
Profit of purchase in associates	-22 603	-	-
Impairment	30 010	-	30 010
Share of (profit)/loss from associates	-310	-6 036	3 870
Changes in inventory	-4 118	-1 801	5 567
Net changes in construction loans	-428 254	380 752	-393 095
Changes in accounts receivables/construction WIP	478 333	-377 893	543 718
Changes in accounts payable	-37 505	20 989	28 696
Changes in prepayments from customers	-11 231	-179 638	-92 966
Changes in other current receivables/liabilities	63 943	15 233	44 802
Net cash flow from/(to) operating activities	8 564	-146 133	74 663
CASH FLOW FROM INVESTMENTS			
Investments in property, plant and equipment	-11 379	-42 585	-8 087
Investment in intangible assets	-14 308	-20 290	-7 240
Investment in/disposal of financial assets	12 042	136 824	-
Purchase of subsidiaries	-18 270	-	-
Interest income	9 548	12 626	1 442
Dividends received	-	1 990	-
Changes in long term receivables	-803	-4 968	4 646
Net cash flow used in investing activities	-23 170	83 597	-9 239
CASH FLOW FROM FINANCING ACTIVITIES			
New long term debt	29 534	146 400	12 171
Repayment long term debt	-9 983	-43 020	-5 910
Purchase of minority shares in Havyard MMC	-	-25 191	-
Interest costs	-16 205	-13 475	-2 096
Purchase/sale of treasury shares	410	5 999	-
Dividends	-11 866	-94 996	-1 793
Net cash flow from/ (used in) financing activities	-8 110	-24 283	2 372
Net change in cash and cash equivalents	-22 716	-86 819	67 795
Cash and cash equivalents at start of the period	194 562	281 381	156 834
Cash and cash equivalents from purchase of subsidiaries	52 783	-	-
Cash and cash equivalents at end of the period	224 629	194 562	224 629
Restricted bank deposits at the end of the period	94 540	114 377	94 540
Available cash and cash equivalents at the end of the period	130 089	80 185	130 089

Positive CF from operations in Q4:

- Low profit
- Decreased accounts receivables / Construction WIP and increased accounts payable.

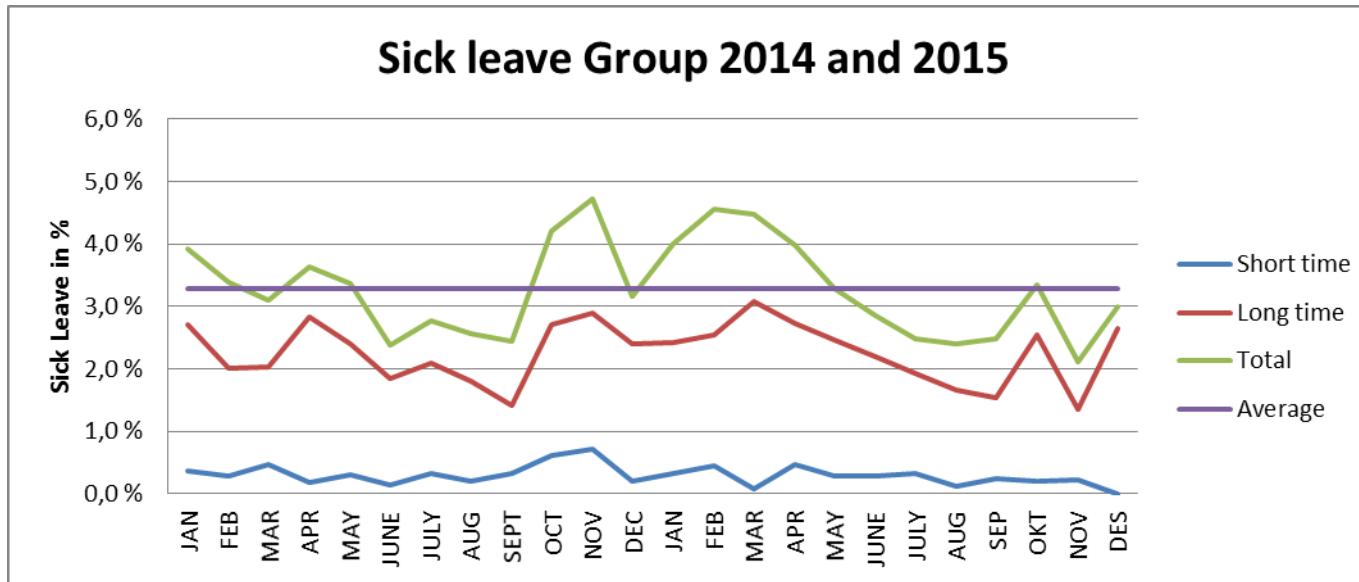
Negative CF from Investments Q4:

- New minor investments

Positive CF from financing Q4:

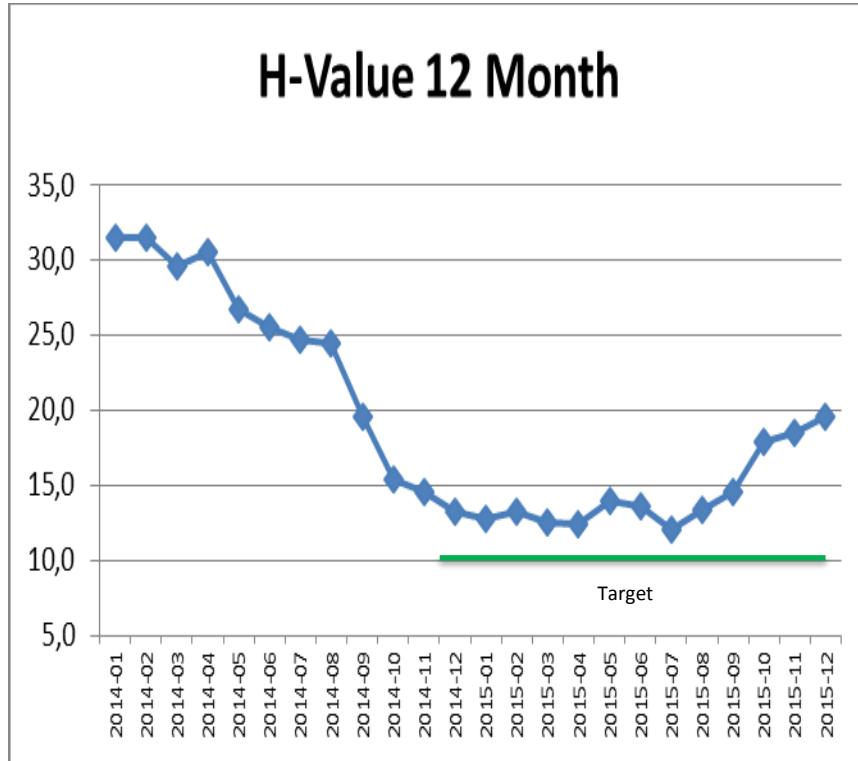
- New long term debt
- Interest costs

HES/ QA



- Sick leave gradually reduced during 2013 and first part of 2014
 - An extensive plan is implemented to reduce injuries and absence, and it includes subcontractors
- Average sick leave increased last part of 2014 and first part of 2015. Last part of 2015 lower sick leave with an average of 2.63 % last half of 2015
 - (Average for last 24 months 3.28% and 3.25 % for 2015)

HES/ QA



H-value

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

No major incidents

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

