



HAVYARD GROUP ASA

Presentation Q3 2016 - 18.11.16

Geir Johan Bakke, CEO



Agenda

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



Headlines/Milestones Q3

- EBIT of NOK 38.8 million and EBIT-margin of 8.4 % in third quarter of 2016.
- Progress on projects in work is on schedule
- New contracts
 - Contracts for Havyard Ship Technology AS in a new segment for repair and reconstruction, as well as a new shipbuilding contract for a workboat for the sea farming industry with a total value of NOK 100 million, included an option for a additional workboat.
 - Havyard MMC has entered into a contract for delivery of equipment for the construction of a well boat for the joint venture company DESS Aquaculture. The contract value is in excess of NOK 50 million, and contains options for delivery of equipment for further three vessels.
- Delivered vessel in third quarter
 - Successful delivery of NB 125, SOV windmill service vessel to Esvagt.



Status & Outlook

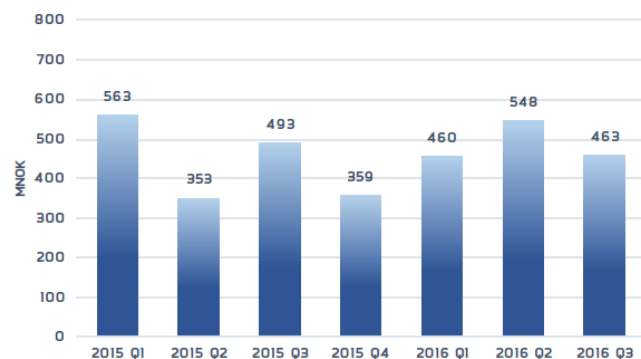
- We deliver in accordance with our focus areas, which are quality, cost and time, and this, is reflected in the positive economic progress in the group in 2016.
- Strong market position in segments with good activity; wind mill service, fish farming, fishing and ice. We are working on several projects in these segments, but experience strong price pressure and further delays in the decision-making process.
- For Havyard Ship Technology (the shipyard), the activity in 2017 related to newbuildings will be low. Our expectations for 2018 are on the other hand 3 – 4 deliveries, which we expect to be the standard for the coming years.
- Havyard MMC is expected to have good activity also in 2017, with improved profitability as a result of better project execution and control on technology.
- The organization is after the restructuring adjusted for expected future level of activity and with temporary decrease in activity, layoff will be implemented.
- The challenges we see in the marked today are expected to lead to structural changes in the industry.



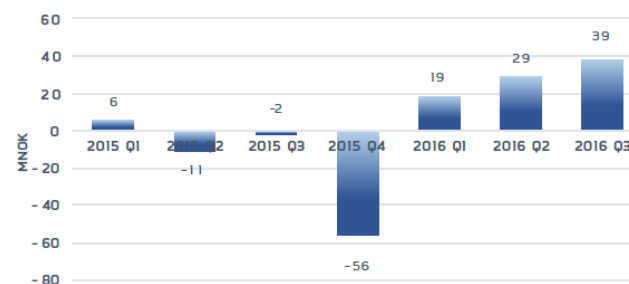
Group Key Figures

	2016 YTD	2015 YTD	2016 Q3	2015 Q3	2015
Operating revenue	1 471	1 410	463	493	1 768
EBITDA	109	12	46	5	-33
EBIT	87	-7	39	-2	-61
EBIT-margin	5,91 %	-0,50 %	8,37 %	-0,42 %	-3,45 %
Profit before tax	88	19	42	5	-132
Earnings per share	2,75	0,94	1,33	0,3	-4,9
NIBD	60	198	60	198	116
Working Capital	184	190	184	190	124

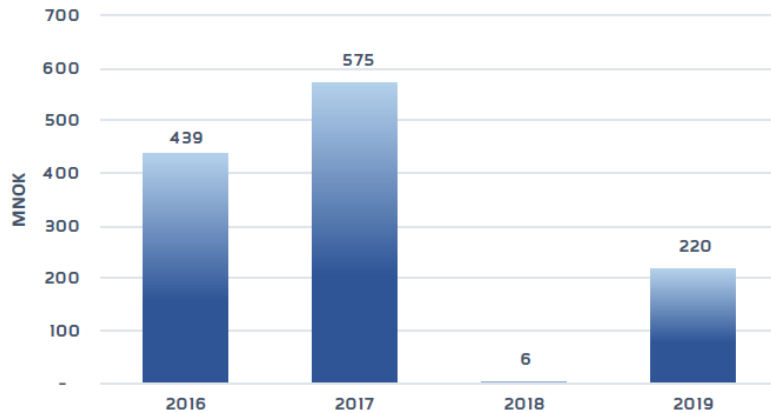
Operating revenue / Driftsinntekter



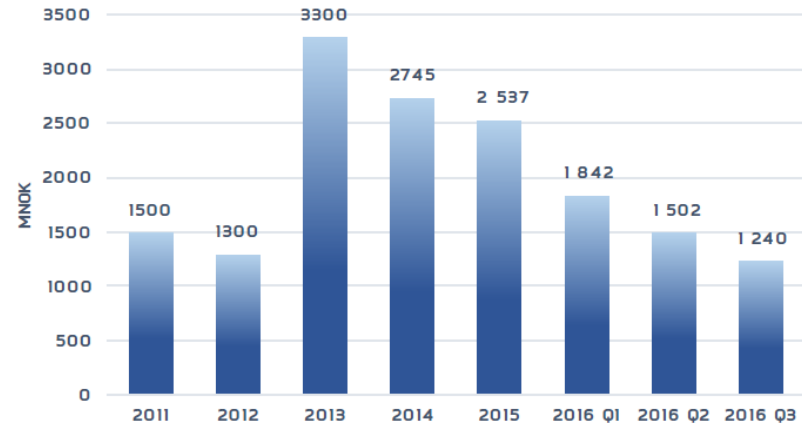
EBIT / Driftsresultat



Group Key Figures (cont.)



Order backlog per 2016 Q3 / Ordrebok pr 2016 Q3



Order backlog / Ordrebok

- External order backlog of approx. MNOK 1.240
 - MNOK 439 in 2016
 - MNOK 575 in 2017
 - MNOK 6 in 2018
 - MNOK 220 in 2019



Resultat per segment

2016 YTD

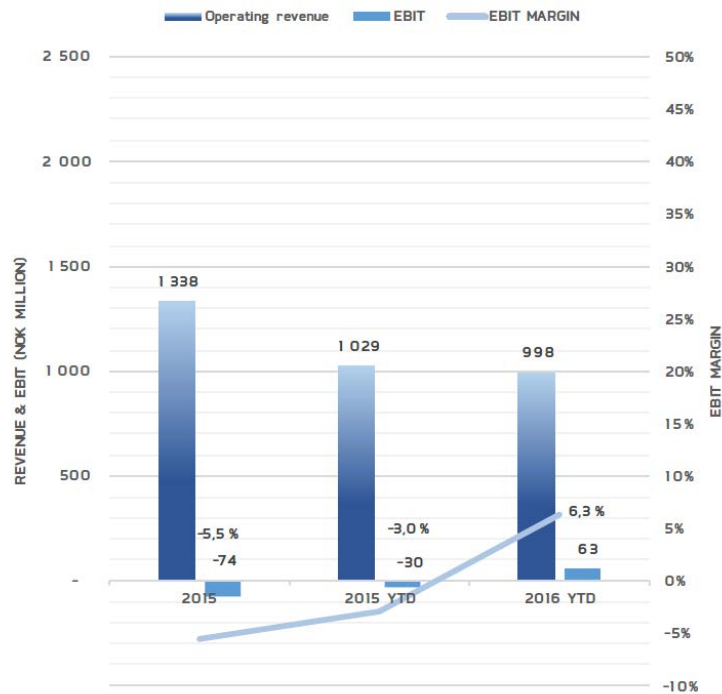
(NOK million)

	Ship Technology	Design & Solutions	Power & Systems	MMC	Other	Havyard Group
Operating revenues, External	979 969	184 574	43 124	240 403	22 823	1 470 892
Operating revenues, Internal	18 392	23 463	37 352	37 210	-116 417	0
Total operating revenue	998 360	208 038	80 475	277 614	-93 594	1 470 892
Operating profit /loss EBITDA	73 816	12 072	-104	18 805	4 535	109 123
Depreciation	10 694	2 707	3 861	4 408	559	22 229
Operating profit/(loss) (EBIT)	63 122	9 365	-3 966	14 398	3 976	86 895
Net financial items	-6 979	7 701	1 348	-2 274	3 515	3 311
Share of profit/(loss) from as- sociate	0	0	0	0	-2 348	-2 348
Profit/(Loss) before tax	56 143	17 066	-2 618	12 123	5 143	87 858

- Positive EBIT in all segments except Power & Systems



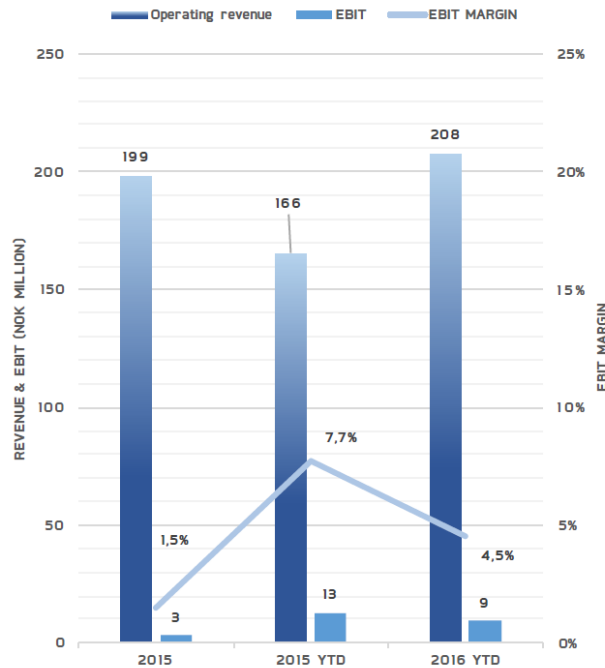
- Ship Technology



- Outfitting Leirvik during 2016
 - 832 SOV windmill service, NB 125
 - 843 ICE Icebreaker AHTS, NB 128
 - 843 ICE Icebreaker AHTS, NB 129
- Better result on ongoing projects.
- Positive trend from first half of 2016 continues into Q3.
- Order backlog of MNOK 758
 - 1 PSV, 2 AHTS ICE, 1 live fish carrier



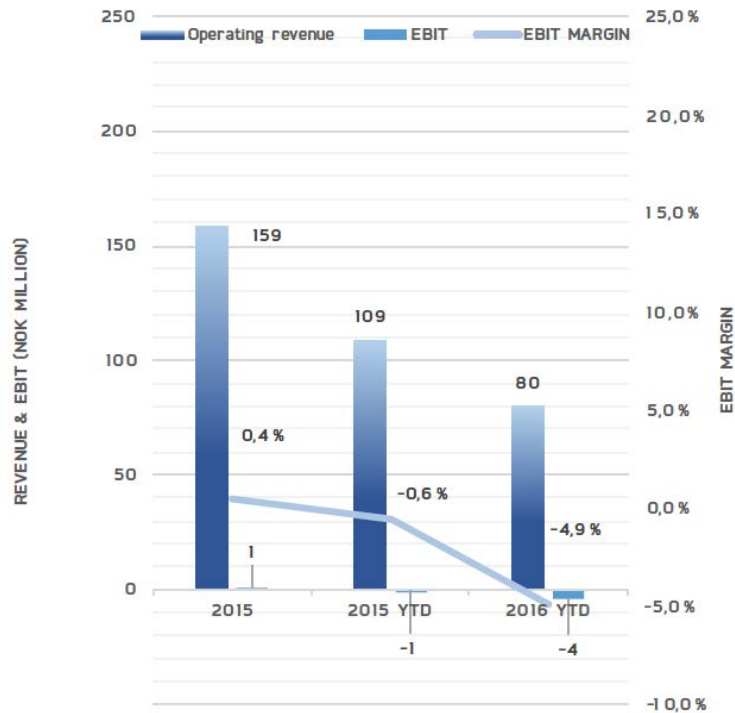
- Design & Solutions



- Lower capacity utilization and increased sales of equipment packages reduces margins in 2016 compared with 2015
- Order backlog of MNOK 269
 - External: MNOK 243
 - Internal: MNOK 26



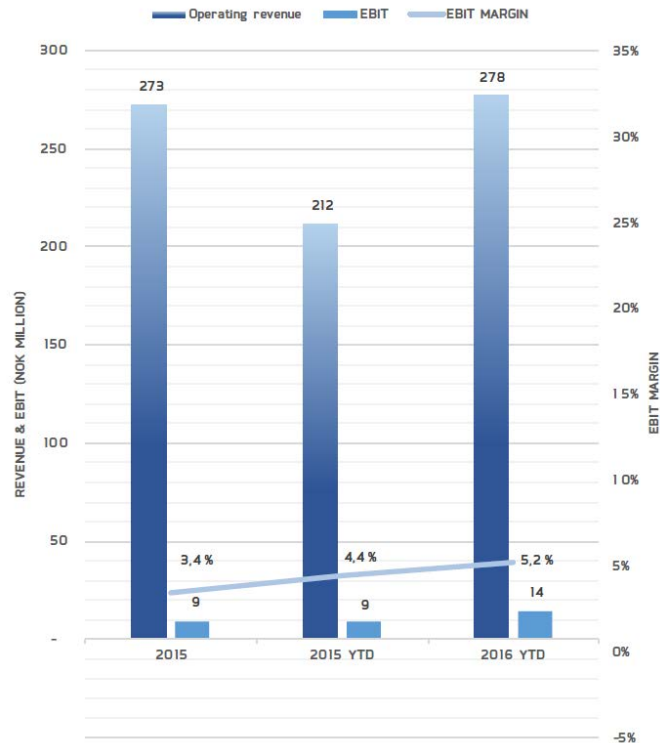
- NES Power & Systems



- Lower activity and margins (2015 figures are from February 1st)
- Order backlog of NOK 13 million
 - External: NOK 8 million
 - Internal: NOK 6 million



- MMC



- Increased operating revenue and EBIT in 2016, compared to 2015.
- Order backlog of NOK 285 million
 - External: NOK 232 million
 - Internal: NOK 53 million



BALANCE SHEET Q2.2016

	Note	2016 Q3 (unaudited / urevidert)	2015 Q3	2015
Non current assets				
Goodwill		100 527	60 094	100 527
Licenses, patents and R&D		84 244	69 485	78 529
Property, plant and equipment		236 327	253 067	252 454
Investment in associates	8	73 349	80 397	75 691
Loan to associates		21 181	17 889	18 673
Investment in financial assets	4	66 376	160 029	63 025
Other non current receivable		62 970	71 204	59 148
Total non current assets		644 974	712 165	648 047
Current Assets				
Inventory		52 343	55 642	50 075
Accounts receivables		147 181	142 813	84 717
Other receivables		70 959	99 348	101 280
Construction WIP		321 075	713 561	233 379
Cash and cash equivalents		254 142	156 834	224 629
Total Current Assets		845 700	1 168 198	694 079
TOTAL ASSETS		1 490 674	1 880 363	1 342 127

- Minor changes in non current assets
 - Minor equity issue
 - Result in associates
- Change in current assets and current liabilities because of increased activity on ship yard per 30.09.16 compared to 31.12.15.

	Note	2016 Q3 (unaudited / urevidert)	2015 Q3	2015
Equity				
Share capital	6	1 239	1 126	1 126
Share premium reserve		22 535	5 463	5 463
Treasury shares		-5	-5	-5
Retained earnings		512 953	596 608	444 759
Non-controlling interest		55 677	21 275	57 622
Total equity		592 399	624 467	508 965
Long term liabilities				
Deferred tax liability	5	54 827	53 520	33 536
Bond loan	7	111 524	148 310	148 898
Loans and borrowings, non-current	7	67 485	73 553	76 036
Other long-term liabilities	7	2 794	2 133	5 031
Total long term liabilities		236 630	277 516	263 501
Current liabilities				
Accounts payables		173 571	120 151	156 609
Taxes payable		1 291	3 428	2 734
Public duties payables		20 714	19 513	52 413
Construction loans	7	120 412	480 381	87 286
Bond loan (instalments next period)	7	16 427		
Loans and borrowings, current	7	27 865	44 126	20 673
Prepayments in excess of construction WIP		139 349	136 420	100 784
Other current liabilities		162 016	174 362	149 162
Total current liabilities		661 645	978 381	569 661
Total liabilities		898 275	1 255 897	833 162
TOTAL EQUITY AND LIABILITIES		1 490 674	1 880 363	1 342 127

- Net interest bearing debt: MNOK 60
- Working capital: MNOK 184
- Equity ratio: 40 %



CASH FLOW

(NOK 1,000)	2016 YTD unaudited 'urevidert)	2015 YTD	2015
CASH FLOW FROM OPERATIONS			
Profit/(loss) before tax	87 858	18 570	-132 304
Taxes paid	-1 442	-1 807	-1 807
Depreciation	22 229	19 476	27 933
Net interest income	7 610	6 003	7 547
Change in bond loan (amortization)	-2 361	1 369	1 957
Impairment	-	-	77 015
Share of (profit)/loss from associates	2 348	-26 783	-27 005
Changes in inventory	-2 268	-9 685	-4 118
Net changes in construction loans	33 126	-35 159	-428 254
Changes in accounts receivables/construction WIP	-150 160	-65 385	468 128
Changes in accounts payable	16 962	-66 201	-29 743
Changes in prepayments from customers	38 565	81 735	45 920
Changes in other current receivables/liabilities	18 595	13 138	1 369
Net cash flow from/(to) operating activities	71 060	-64 730	6 637
CASH FLOW FROM INVESTMENTS			
Investments in property, plant and equipment	-2 702	-3 292	-7 332
Investment in intangible assets	-9 115	-7 068	-19 915
Investment in/disposal of financial assets	-3 351	12 042	12 042
Purchase of subsidiaries	-	-18 270	-18 270
Interest income	5 130	8 106	9 439
Dividends received	-	-	-
Changes in long term receivables	-6 329	-5 449	5 823
Net cash flow used in investing activities	-16 367	-13 931	-18 214
CASH FLOW FROM FINANCING ACTIVITIES			
New long term debt	-	15 994	27 577
Proceeds from issues of shares	17 185	-	-
Repayment long term debt	-29 374	-4 073	-10 275
Interest costs	-12 740	-14 109	-16 986
Purchase/sale of treasury shares	-	410	410
Dividends	-251	-10 073	-11 866
Net cash flow from/ (used in) financing activities	-25 180	-11 851	-11 140
Net change in cash and cash equivalents	29 513	-90 511	-22 717
Cash and cash equivalents at start of the period	224 629	194 563	194 563
Cash and cash equivalents from purchase of subsidiaries	-	52 783	52 783
Cash and cash equivalents at end of the period	254 142	156 834	224 629
Restricted bank deposits at the end of the period	77 969	88 412	94 540
Available cash and cash equivalents at the end of the period	176 174	68 421	130 089

Positive CF from operations in Q3:

- Positive result
- Accruals related to projects

Negative CF from Investments Q3:

- Changes in long term receivables
- New minor investments

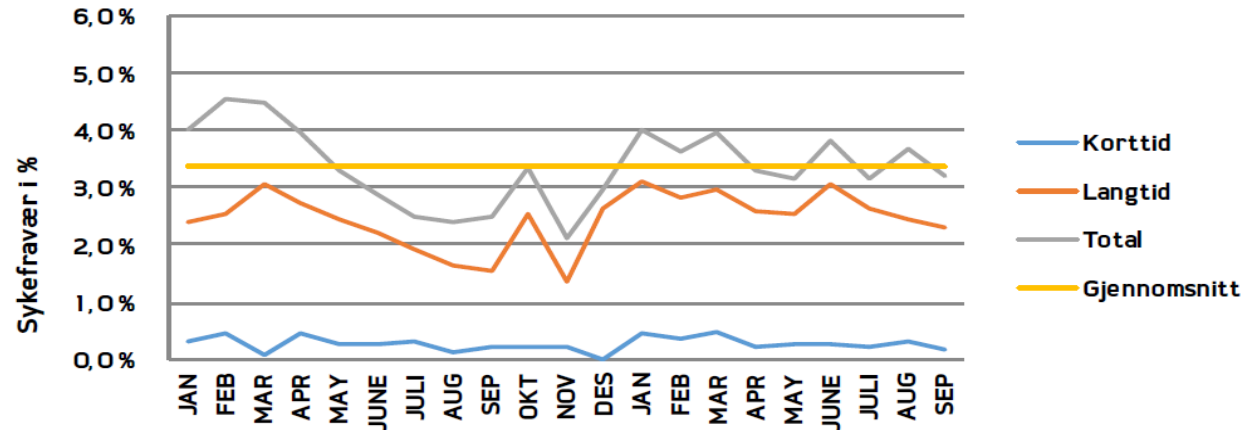
Negative CF from financing Q3:

- Instalments on debt
- Interest costs



HES/ QA

SICK LEAVE GROUP 2015 AND 2016 / SYKEFRAVÆR KONSERN 2015 OG 2016



- Sick leave gradually reduced last years
 - An extensive plan is implemented to reduce injuries and absence, and it includes subcontractors
- Average sick leave
 - Last 21 months sick leave on 3.37 %
 - So far in 2016 sick leave on 3.54 %



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

