

HAVYARD GROUP ASA

IR summary Q1 2019 – 31.05.19





Headlines/Milestones Q1 2019

- EBIT of MNOK 10,8 (1.4 %)
- EBITDA of MNOK 24,6 (3.1 %)
- Profit of MNOK 5,7 (0.9%)

- The Group's operating result (EBIT) in first quarter was according expectation. The main contributors are Ship Design & Solution and Fish Handling. Power & Control has weak results in the quarter due to high volume of traded components with lower margins. Havyard has delivered two ferries to Fjord1 in the first quarter.

- No considerable new contracts in first quarter, but signed new orders end April for delivery of 2+1 live fish carriers to Norsk Fisketransport with planned delivery in 2020 and 2021. The contracts includes Ship Design and major equipment supplies from Fish Handling and Power & Control.

With reference to info in the annual report regarding breach of financial covenants. A joint meeting has been conducted with banks and guarantors and there are ongoing activities to secure a long term solution that ensures a good foundation for future activity. The first step is to get waivers in place. The process around sale of company MMC FP is according schedule with the aim of agreement by the middle of June 2019.





Status and Outlook per Segments

Generally

Havyard's strategy is to continue to develop the company as a maritime technology group with unique expertise and products throughout the value chain. Our focus areas are Energy, Fish and Transport, where we have established a strong market position in segments with good activity. Especially the contracts for design, construction and equipment deliveries of several ferries to Fjord 1, design for the Coastal route and design for smaller cargo ships show that we succeed with our investment in new areas.

The organization must be scalable and market oriented, where we can quickly focus on the areas in which we experience increasing needs. All business areas balance their activity between internal and external deliveries where the goal is healthy growth with competitiveness and profitability at all levels.

The order backlog is record high NOK 4 billions and will give profitable activity for 2018 and 2019. It will be, especially, the segment Ship Design & Solutions who will be the largest contributors.

Fish Handling

There is still high activity in the market for well-boats, but we expect a flat development in demand in the coming years. The merger with First Process has been made to increase our activity within pelagic factories and other areas of fish handling both at sea and onshore. The focus is on improving profitability through development of unique overall solutions, efficiency and outsourcing.

Power & Control

The drop in offshore activity led the company to increase its focus on hybridelectric propulsion systems. The focus on environment-efficient solutions, especially in transport, results in high demand for such systems. The company has received several orders that will provide good profitability in the long run. The company has got a breakthrough in the ferry, farming and fishing boat segment and is experiencing great interest and success with its new Odin® DC grid system as well as its battery / hybrid solutions. The acquisition of 100 % in Norwegian Electric Systems AS are based on an increased co-operation within the segment and with a goal of a merger between the company in the segments in 2019.

Shipbuilding Technology

The order backlog for 2019 and 2020 provides a good foundation for activity and profitability. From Q1.2019, the Production & Services segment has been placed under Shipbuilding Technology based on the fact that activity in this segment is now mainly as a subcontractor to the yard in Leirvik.

Ship Design & Solutions

HDS is working actively in new segments for delivery of design and equipment packages for both own and external shipyards. Having sold designs to the first environmentally friendly ferry projects, there is good expectation in new orders and a positive development in the transport segment.

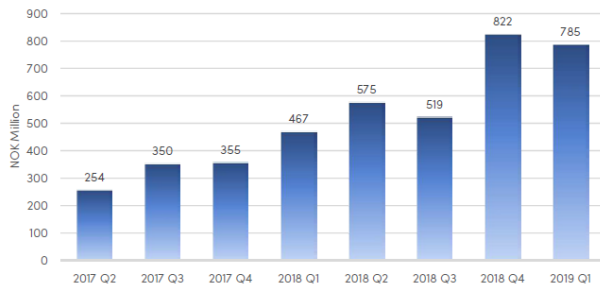




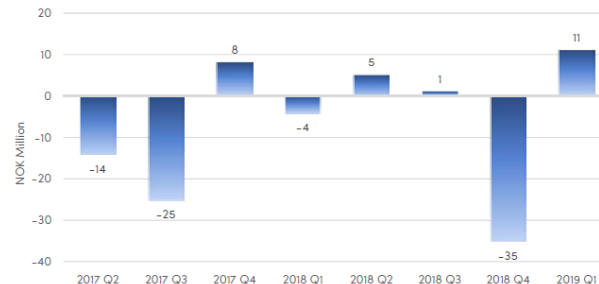
Group Key Figures

MNOK	2019 Q1	2018 Q1	2018
EBIT-margin	1.37 %	-0.94 %	-6.36 %
Earnings per share	0.13	-0.17	-7.78
Assets	2,534	1,610	2,293
Equity	300	491	293
Equity ratio	11.9 %	30.5 %	12.8 %

Operating revenue / Driftsinntekter



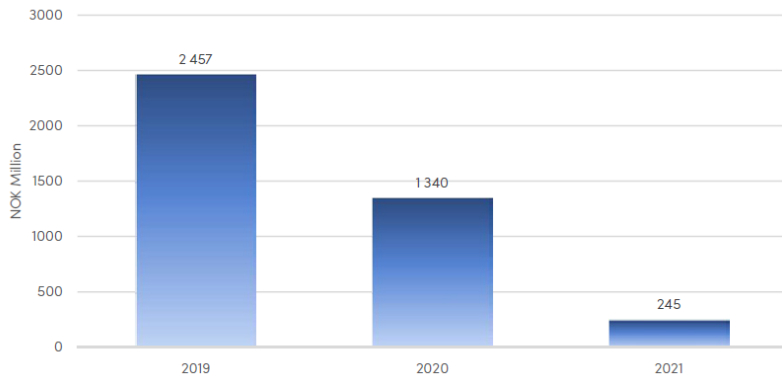
EBIT / Driftsresultat





Order backlog

Distribution order book / Fordeling ordrebok



Order book / Ordrebok



- External order backlog of approx. MNOK 4.042 (Q4 2018: 4.642)
 - 2019 - MNOK 2.457
 - 2020 - MNOK 1.340
 - 2021 - MNOK 245



Figures per segment

2019 Q1 Etter endring av
segment

(NOK million)	Ship building Technology	Ship Design & Solutions	Power & Control	Fish Handling	Production & Services	Other	Havyard Group
Operating revenues, External	616,4	38,8	101,8	114,7		-86,8	784,9
Operating revenues, Internal	7,2	13,4	9,2	34,3		-64,2	0,0
Total operating revenue	623,7	52,2	111,0	149,0		-151,0	784,9
EBITDA	6,7	12,1	-7,5	9,7		3,6	24,6
Depreciation	3,3	4,4	2,2	2,3		1,6	13,8
Operating profit/(loss) (EBIT)	3,4	7,7	-9,6	7,3		2,0	10,8
Net financial items	-1,3	-3,6	2,3	0,3		-1,3	-3,6
Profit/(loss) from associate	0,0	0,0	0,0	0,0		-1,0	-1,0
Profit/(Loss) before tax	2,1	4,0	-7,3	7,7		0,7	7,2
Income tax expense	1,4	0,8	-1,0	0,2		0,2	1,5
Profit/(Loss)	0,8	3,2	-6,4	7,5		0,6	5,7
Total assets	1 645,7	495,8	383,5	329,6		-320,3	2 534,3
Equity	83,0	110,9	55,8	126,0		-75,3	300,4
Liabilities	1 562,7	384,9	327,7	203,6		-245,0	2 233,9



Balance sheet

ASSETS	2019 Q1 unaudited urevidert	2018 Q1	2018
Non-current assets			
Goodwill	141 003	141 003	141 003
Licenses, patents and R&D	95 036	110 519	98 323
Property, plant and equipment	273 807	231 273	203 236
Right of use assets	72 477		
Investment in associates	28 640	20 058	27 605
Loan to associates	2 051	18 645	2 024
Investment in financial assets	23 510	27 597	23 546
Other non-current receivable	4 333	22 507	4 346
Total non-current assets	568 381	571 602	500 083
Current Assets			
Inventory	142 202	189 619	151 854
Accounts receivables	165 912	169 258	193 567
Other receivables	426 878	114 200	245 115
Contract assets customer contracts	952 077	408 066	840 956
Cash and cash equivalents	278 199	157 614	361 852
Total current assets	1 965 957	1 038 757	1 793 344
TOTAL ASSETS	2 534 338	1 610 360	2 293 428

EQUITY AND LIABILITIES

	2019 Q1 unaudited urevidert	2018 Q1	2018
Equity			
Share capital	1 239	1 239	1 239
Share premium reserve	22 535	22 535	22 535
Treasury shares	-3	-5	-3
Retained earnings	191 741	370 446	187 181
Non-controlling interest	84 893	97 226	82 436
Total equity	300 405	491 442	293 389
Non-current liabilities			
Deferred tax liability	7 311	15 021	6 639
Derivatives	0	38	0
Bond loan	0	84 738	0
Loans and borrowings, non-current	0	62 014	0
Liabilities to parent company	0	23 715	0
Lease liabilities	51 169		
Derivatives	493		
Other long-term liabilities	13267	1 882	9 221
Total non-current liabilities	72 239	187 408	15 861
Current liabilities			
Accounts payables	350 581	156 056	298 077
Taxes payable	3 860	8 196	3 891
Public duties payables	72 547	30 885	68 597
Construction loans	752 010	210 600	668 642
Bond loan (installments next period)	87 500	10 000	90 000
Loans and borrowings, current	105 045	38 535	106 520
Contract liabilities	461 064	150 502	403 919
Lease liabilities	21 309		
Derivatives	1 374		
Other current liabilities	309 403	326 734	344 534
Total current liabilities	2 164 694	931 509	1 984 178
Total liabilities	2 233 933	1 118 917	2 000 039
TOTAL EQUITY AND LIABILITIES	2 534 338	1 610 360	2 293 428



Cash Flow

2018

2017

unaudited
urevidert

(NOK 1,000)	Note	2019 Q1	2018 Q1	2018
	unaudited urevidert			
CASH FLOW FROM OPERATIONS				
Profit/(loss) before tax		7 198	-8 440	-203 899
Taxes paid		0	0	0
Depreciation		13 813	5 725	55 848
Net financial items		2 564	3 037	57 274
Change in value financial derivatives		-7 128	-1 944	8 415
Change in bond loan (amortization)		0	353	-141
Profit/loss disposals property, plant and equipment		0	0	-5 000
Impairment financial assets		0	0	29 252
Share of (profit)/loss from associates		1 005	2 348	-6 837
Changes in inventory		9 652	-74 435	-36 669
Net changes in construction loans	10	83 368	210 600	668 642
Changes in accounts receivables		27 655	-33 181	-57 490
Changes in accounts payable		52 504	12 590	-636 785
Changes in customer contracts, asset		-111 121	-172 169	155 159
Changes in customer contracts, liability		57 145	-25 440	134 145
Changes in restricted deposits		9 503	-9 522	-50 581
Changes in other current receivables/liabilities		-153 674	71 396	64 525
Net cash flow from/(to) operating activities		-7 515	-19 082	175 858

Negative CF from operations in Q1.19:

- Accruals regarding projects

Negative CF from Investments in Q1.19:

- Changes in long term receivables (Leasing- long term)

Negative CF from financing Q1.19:

- Payment debt
- Repayment interest
- Repayment lease

CASH FLOW FROM INVESTMENTS

Investments in property, plant and equipment	0	-1 732	-12 691
Disposal of property, plant and equipment	0	0	24 000
Investment in intangible assets	0	-5 201	-27 320
Investment in financial assets	0	0	-225
Disposal of financial assets	0	0	-55 000
Dividends received	0	0	0
Interest income	0	211	0
Changes in long term receivables	-50 470	-6 029	-22 660
Net cash flow used in investing activities	-50 470	-12 751	-93 896

CASH FLOW FROM FINANCING ACTIVITIES

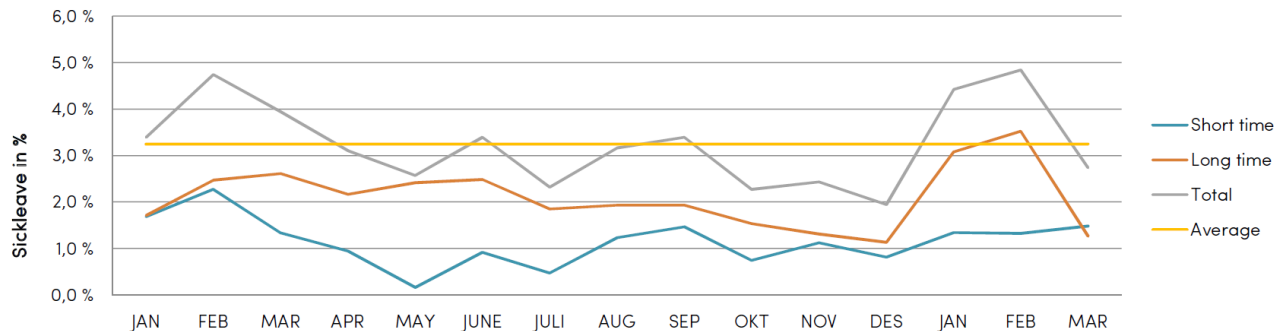
New long term debt	0	0	55 000
Repayment non-current debt	10	-3 975	-3 835
Repayment of lease liabilities	11	-7 367	0
Payment of loan in subsidiary	0	0	20 000
Cost renegotiation bond loan	0	0	0
Interest payment	-4 823	-3 248	-26 890
Purchase/sale of treasury shares	0	0	0
Net cash flow from/ (used in) financing activities	-16 165	-7 099	23 241
Net change in cash and cash equivalents	-74 150	-38 932	105 203
Cash and cash equivalents at start of the year	221 869	116 666	116 666
Cash and cash equivalents at end of the year	147 719	77 734	221 869





HSE / QA

SICK LEAVE GROUP 2018 AND 2019 / SYKEFRAVÆR KONERN 2018 OG 2019



An extensive plan is implemented to reduce injuries and absence including subcontractors

Average sick leave

- Last 15 months sick leave at 3.24 %
- In 2019 sick leave at 4.0 % (Same level as first quartal in previous years.)

Injuries resulting in absence from work

- 2 injurie last 12 months



HSE / QA

- 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