4Q2016 Presentation

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About the Company

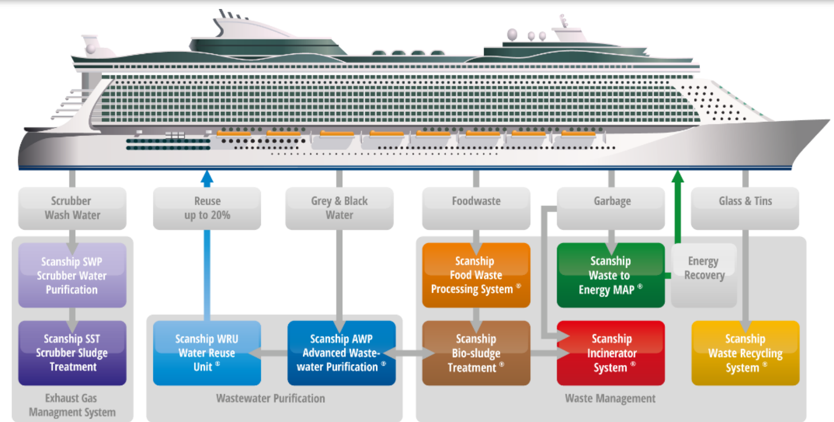
In brief

- Clean tech company designing and delivering systems for wastewater purification, waste management, foodwaste processing and bio-residue treatment
- Headquartered in Norway with subsidiaries in US for sales and service, and Poland for production.
- Market leader with advanced wastewater purification (AWP) type approved with Med B and Med F certificates for MEPC 227(64) chapter 4.2 with nutrient removal
- R&D driven with game changing technologies in the pipeline for waste to energy and exhaust gas management

Company Structure

- Scanship Holding ASA
  - Scanship AS
    - Scanship Americas Inc.
    - Scanship Poland Sp.z o.o

Company solution offerings



Company Business Model

R&D → Sales & Marketing → Engineering & Project Development → Project Management → Aftersales Service, spares & chemicals

Project Management: Procurement → Manufacturing & assembly (outsourced) → Installation (outsourced) → Commissioning & Site Supervision

Financial Highlights 4Q16/FY2016

- Reduced total revenue in 4Q16 from sister ship effect and change in estimates:
  - Temporary shift in project revenues as a consequence of having a larger proportion of projects as sister ships where revenues are recognised later in the project cycle
  - Changes in Project hour estimates has postponed revenue in 4Q16 of approx. NOK 5m
- NOK 4,5m in reduced margins for 4Q16 from change in project cost estimates and inventory write-offs
- Lower total revenues and negative EBITDA for FY2016
  - Increased competition, lost three ship series during the three first quarter
  - Two newbuild series delayed from 4Q16, announced as contract awards in 1Q17.
  - Scanship total project order intake in 2016 was NOK 112m whereas 75% were sister ships with revenue recognition later in project cycle
  - High tendering activity through the first 3 quarters delayed cost reduction initiatives

Key Financials Q4/FY

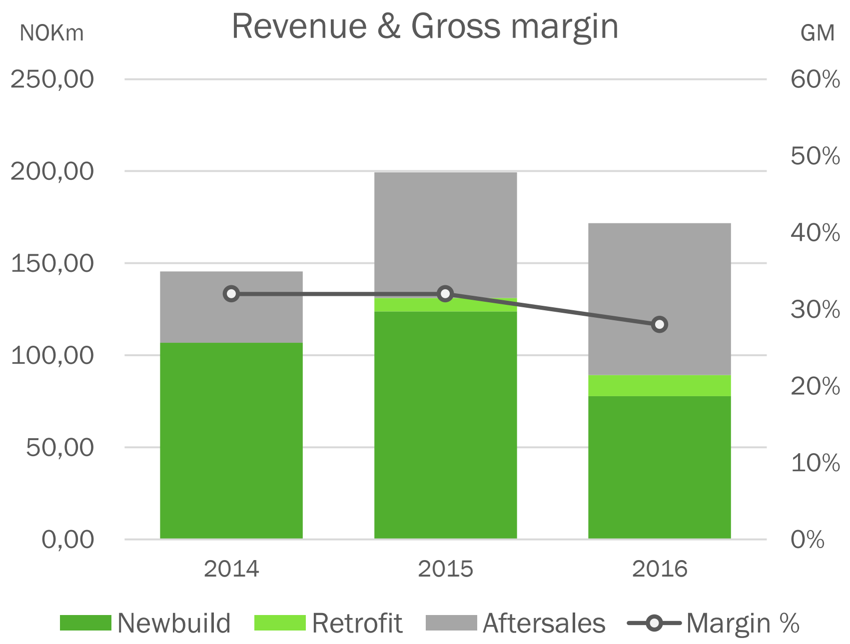
(NOK million)	*Unaudited* **4Q16**	*Unaudited* **4Q15**	*Unaudited* **2016**	*Audited* **2015**
Total Revenue	38.4	54.4	171.6	200.3
Gross Margin %	*24 %*	*32 %*	*28 %*	*32 %*
EBITDA (bef. Non recurring)	-5.0	2.9	-2.6	11.3
Operating Result (EBIT)	-6.5	1.5	-5.8	8.6
Result bf. Tax	-7.0	2.3	-4.9	7.0
Project Backlog	250	226	250	226
Total Assets	123.9	168.4	123.9	168.4
Equity ratio	*36 %*	*30 %*	*36 %*	*30 %*

Gross Margin before 4Q16 adjustments

(NOK million)	*Unaudited* **4Q16**	*Unaudited* **4Q15**	*Unaudited* **2016**	*Audited* **2015**
Total Revenue	38.4	54.4	171.6	200.3
Cost of goods sold	-24.5	-36.9	-119.1	-136.4
Gross Margin, before adj.	13.9	17.4	52.5	63.9
Gross Margin %, before adj.	36 %	32 %	31 %	32 %
Effect inventory write-down/ revised project cost estimates	-4.5		-4.5	
Gross Margin, after adj.	9.4	17.4	48.0	63.9
Gross Margin %, after adj.	24 %	32 %	28 %	32 %

Revenue & Gross margin

- Revenue growth in Aftersales to NOK 82.4m for FY2016, an increase of 22% from 2015. Net margins in business area remaining on FY 2015 levels as cost reduction was initiated too late and from some issues in executing service assignments that was not resolved before middle of 4Q16
- Project revenues decreased 37% from 2015 due to sister ship effect in 2016, whereas revenue is postponed to later in the project cycle
- Gross margin at 28%, down from 32% in 2015 mainly due to one-offs. Underlying project margin is in line with previous years.



Operational Highlights 4Q16

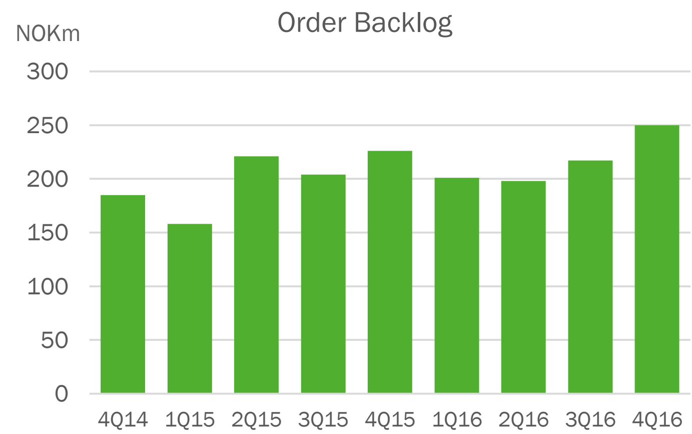
- During 4Q16 Scanship delivered equipment to:
  - Fincantieri for the fifth Viking Ocean Cruises vessels, Viking Spirit
  - Fincantieri for the first Costa Asia newbuild, a part of Carnival Corporation & PLC newbuild program
  - Meyer Turku for the seventh newbuild in the Mein Schiff class
  - Meyer Werft for Norwegian Joy.
- Commissioning and start-up of the systems aboard MSC Meraviglia at STX France, the Viking Sky and the Silver Muse at Fincantieri
- Awarded contracts for equipment supply at Kleven for two Hurtigruten newbuilds and with Fincantieri for one P&O Australia newbuild

MSC Meraviglia float out at STX France


New contract with Kleven for the Hurtigruten newbuilds

Order Backlog & Contract Awards

- All time high Order Backlog at NOK 250m at year end 2016
- Starting 2017 with high order intake amounting to NOK 98m compared to full year 2016 order intake at NOK 112m
- Scanship contract awards in 1Q17:
  - Awarded contract with shipbuilder Vard for total clean ship system on the two polar cruise expedition ships to be built for Hapag Lloyd Kreuzfarthen
  - Awarded prestigious contract with the Italian shipbuilder Fincantieri for total clean ship system to the industry newplayer Virgin Voyages
  - Aquaculture contract with Kruger Kaldnes for a bio-residue treatment system at Salangfisk AS in Norway.
- High tendering activity both in aquaculture, cruise newbuilds and cruise retrofits



Scanship aquaculture sludge treatment plant at Salangfisk AS

Newbuild Contract Overview

SCANSHIP
Sustainable Solutions

Shipyard	Shipowner	Ship Class	Scope of Supply	Year of Ship Delivery to Market 2017	2018	2019	2020	2021
Meyer Werft	Royal Caribbean International	Quantum	AWP			Ovation II Equip. Delivery: 1Q17	Ovation III Equip. Delivery: 1Q19	
	NCL	Breakaway	AWP	Norwegian Joy Equip. Delivery. 3Q15	Norwegian Bliss Equip. Delivery.: 3Q16	708 Equip. Delivery: 1Q18		
	Dream Cruises	Genting Dream	AWP	World Dream Equip. Delivery: 2Q16				
Meyer Turku	TUI Cruises	Mein Schiff	AWP	Mein Schiff 6 Equip. Delivery: 1Q16	Mein Schiff 1 Equip. Delivery: 3Q16	Mein Schiff 2 Equip. Delivery: 2Q17		
STX France	Royal Caribbean International	Oasis	AWP		B34 Equip. Delivery: 3Q15			
	MSC Cruises	Meraviglia	Total Clean Ship	MSC Meraviglia Equip. Delivery: 4Q15		MSC Bellissima Equip. Delivery: 4Q17		
Fincantieri	Viking Ocean Cruises	Vigin Star	Total Clean Ship	Viking Sky , Viking Sun Equip. Delivery: 4Q14, 4Q15, 1Q16	Viking Spirit Equip. Delivery: 4Q16	Viking 6 Equip. Delivery: 1Q17, 3Q17		
	Carnival	Vista	AWP		Carnival Horizon Equip. Delivery: 4Q15			
	Costa	Vista	AWP			Costa Aisia I Equip. Delivery: 1Q17	Costa Aisia II Equip. Delivery: 4Q17	
	P&O Australia	Vista	AWP			P&O Australia Equip. Delivery: 1Q17		
	Silversea	Silver Muse	Total Clean Ship	Silver Muse Equip. Delivery: 2Q15, 3Q15				
	Virgin Voyages	Virgin Voyages	Total Clean Ship			Virgin I Equip. Delivery: 3Q17	Virgin II Equip. Delivery: 3Q18	Virgin III Equip. Delivery: 3Q19
Kleven	Hurtigruten	Polar Expedition	Total Clean Ship		Roald Amundsen Equip. Delivery: 2Q17	Fritjof Nansen Equip. Delivery: 2Q18		
Vard (a Fincantieri company)	Hapag-Lloyd Kreuzfahrten	Polar Expedition	Total Clean Ship		Hapag Lloyd I Equip. Delivery: 3Q17	Hapag Lloyd II Equip. Delivery: 1Q18		

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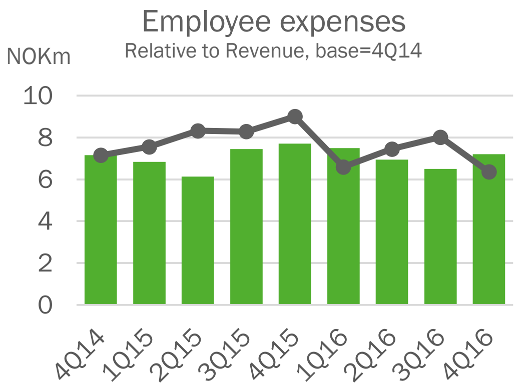
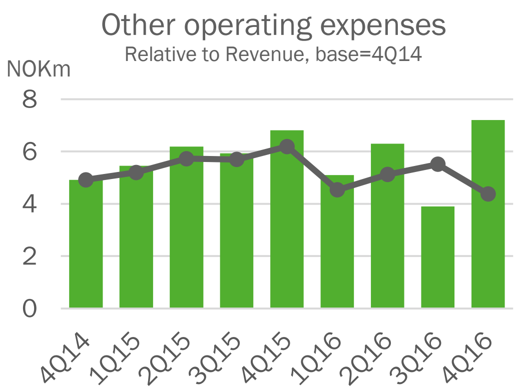
Condensed Consolidated Income Statement





Condensed consolidated income statement

(NOK mill)	Unaudited 4Q16	Unaudited 4Q15	Unaudited 2016	Audited FY 2015
Total operating revenue	38.4	54.4	171.6	200.3
Cost of goods sold	29.1	36.9	123.6	136.4
Gross Margin	9.4	17.4	48.0	63.9
Gross Margin %	24%	32%	28%	32%
OPEX	14.4	14.5	50.6	52.6
EBITDA bf. Non-recurring item.	-5.0	2.9	-2.6	11.3
Operating profit (EBIT)	-6.5	1.5	-5.8	8.6
Net finance	-0.5	0.8	0.9	-1.6
Profit before tax	-7.0	2.3	-4.9	7.0

Consolidated Condensed Cash Flow Statement

- Late payments from yard of approx. NOK 5m has reduced cash and reduced net cash flow from operating activities. Payment on most of the overdue invoices have been received in 1Q17
- Outstanding German VAT of approx. NOK 5m expected to be repaid in 2Q17
- Lower investment activities due to receipt of funds from Innovation Norway and Tax incentives (Skattefunn)

(NOK million)	Unaudited 4Q16
Profit before income tax	*-7.0*
Net cash flow from operating activities	3.3
Net cash flow from investing activities	-0.0
Net cash flow from financing activities	-2.6
Net change in cash and cash equivalents	-0.6
Cash and cash equivalents ingoing balance	3.0
Cash and cash equivalents at end of period	3.6

Condensed Consolidated Financial Statement

(NOK Mill)	Unaudited 31.12.2016	Audited 31.12.2015
ASSETS:		
Total non-current assets	32.6	27.5
Current Assets:		
Inventories	3.5	5.7
Trade receivables	56.6	61.2
Contracts in progress	14.2	42.4
Other receivables	13.6	12.2
Cash and cash equivalents	3.6	19.5
Total current assets	91.4	140.9
Total assets	123.9	168.4

- Increase in non-current assets mainly due to product development activities
- Significantly overdue trade receivables at year end 2016 were approx. NOK 5m. The overdue funds were received in 1Q17
- Reduction in Contracts in progress/accruals due to more activity on sister ship-projects

(NOK Mill)	Unaudited 31.12.2016	Audited 31.12.2015
EQUITY AND LIABILITIES		
Total equity	44.4	49.8
Total non-current liabilities	4.4	4.3
Current liabilities:		
Current borrowings		-
Trade creditors	29.4	36.7
Contract accruals	9.9	27.7
Financial instruments	1.8	9.4
Income tax payable	0.5	0.7
Bank overdraft	23.9	27.3
Other current liabilities	9.7	12.5
Total current liabilities	75.2	114.3
Total liabilities	79.6	118.6
Total equity and liabilities	123.9	168.4

- Other receivables include NOK 5m in receivable for the repayment of German VAT, expected to be received in 2Q17

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