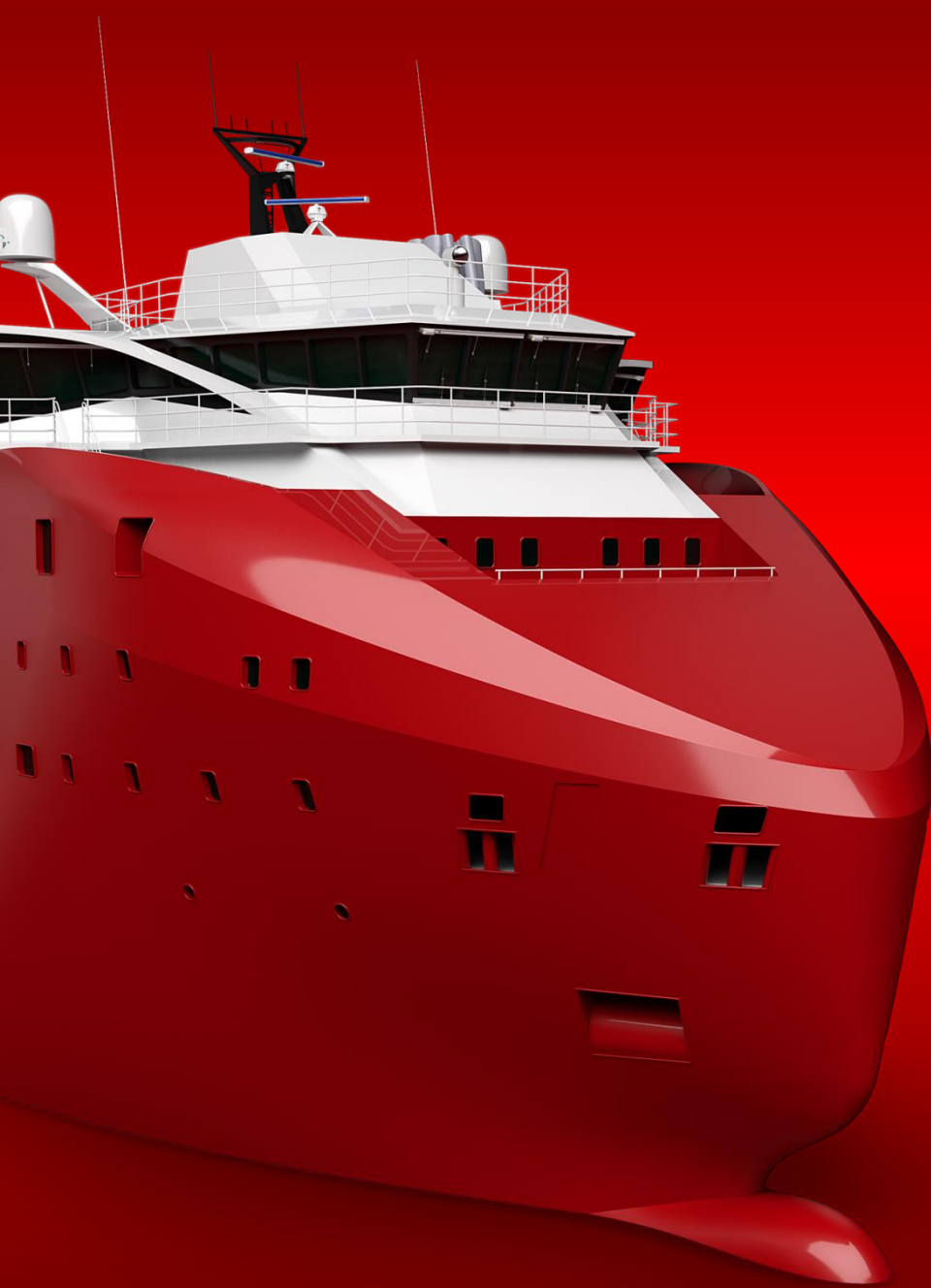


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**VARD**™

a Fincantieri company

# Disclaimer

*This presentation should be read in conjunction with Vard Holdings Limited's results for the period ended 31 March 2014 in the SGXNet announcement. Financial figures are presented according to SFRS.*

*This presentation may contain forward-looking statements that involve risks and uncertainties. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. As these statements and financial information reflect our current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. You are cautioned not to place undue reliance on these forward looking statements, which are based on the Company's current view of future events.*



# 1Q 2014 Results Presentation

Vard Holdings Limited

29 April 2014



# «Skandi Urca» (yard no. PRO 30) delivered from Vard Niterói



# 1Q 2014 Highlights

- **Revenue** of NOK 2 672 million, down by 2.7% compared to 1Q 2013
- **EBITDA** of NOK 171 million, down from NOK 304 million in 1Q 2013 but up compared to previous three quarters
- **EBITDA margin** (EBITDA to total operating revenues) of 6.4% (1Q 2013: 11.1%)
- **Cash position** improved with nearly 400 MNOK since 4Q 2013, primarily due to cash flows from operation
- Exceptionally high **order intake** of NOK 5 532 million. Order intake may vary significantly on a quarter-by-quarter basis
- 45 vessels in the **order book** as at 31 March 2014, of which 27 are VARD designs
- **Stable operations** in Europe; improved yard utilization in Vietnam
- Completion of one of the delayed vessels (Pro 30) at **Vard Niterói**
- Yard construction at **Vard Promar** in final stage

1Q 2014

# Business update

# Vessel deliveries and new contracts – 1Q 2014

## Vessel deliveries

### 1 AHTS

- Far Sigma from Vard Langsten (Norway) to Farstad Shipping

### 2 PSVs

- Island Dawn from Brevik (Norway) to Island Offshore
- Troms Arcturus from Vard Aukra (Norway) to Troms Offshore

### 1 other specialized vessel

- Gadus Neptun (fishing vessel) from Vard Brattvaag (Norway) to Havfisk

## New contracts

### Eight new vessel contracts secured in 1Q 2014

- 1 Diving Support and Construction Vessel for Technip
- 1 AHTS for Bourbon
- 1 PSV for Carlotta Offshore
- 1 OSCV for Solstad Offshore <sup>1)</sup>
- 2 Offshore Support Vessels
- 2 PSVs for Mermaid Marine Australia

As at 31 March 2014, the Group had 45 vessels in the order book,  
27 of which will be of VARD's own design.

1) Lol announced 11 March 2014

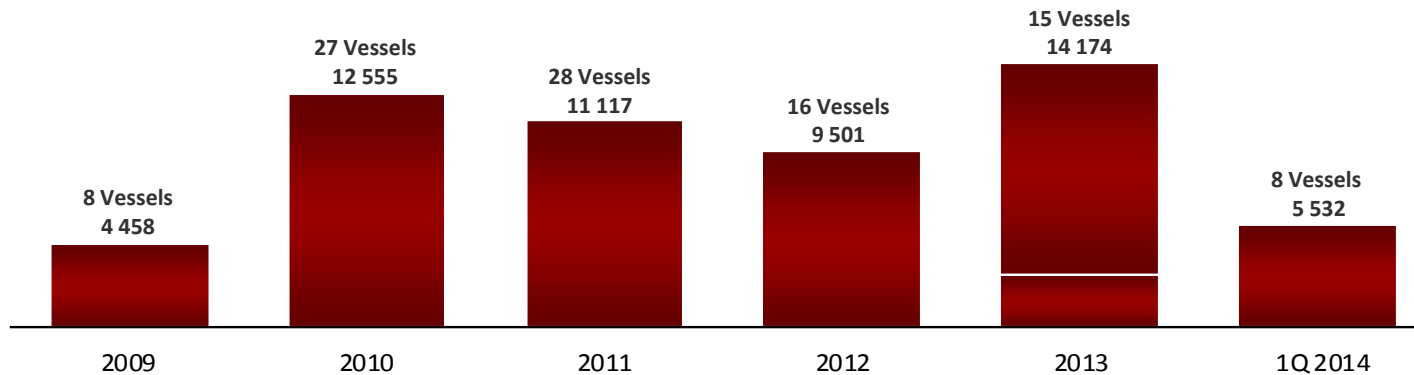
# VARD 3 19 – Offshore Subsea Construction Vessel for Solstad Offshore



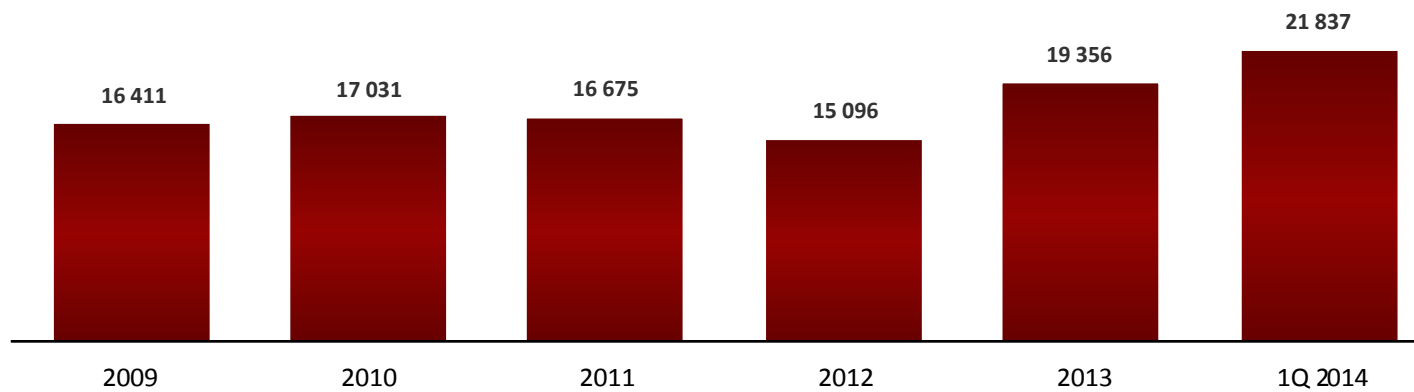


# Order book development

New order intake during the period (NOK million)<sup>1)</sup>



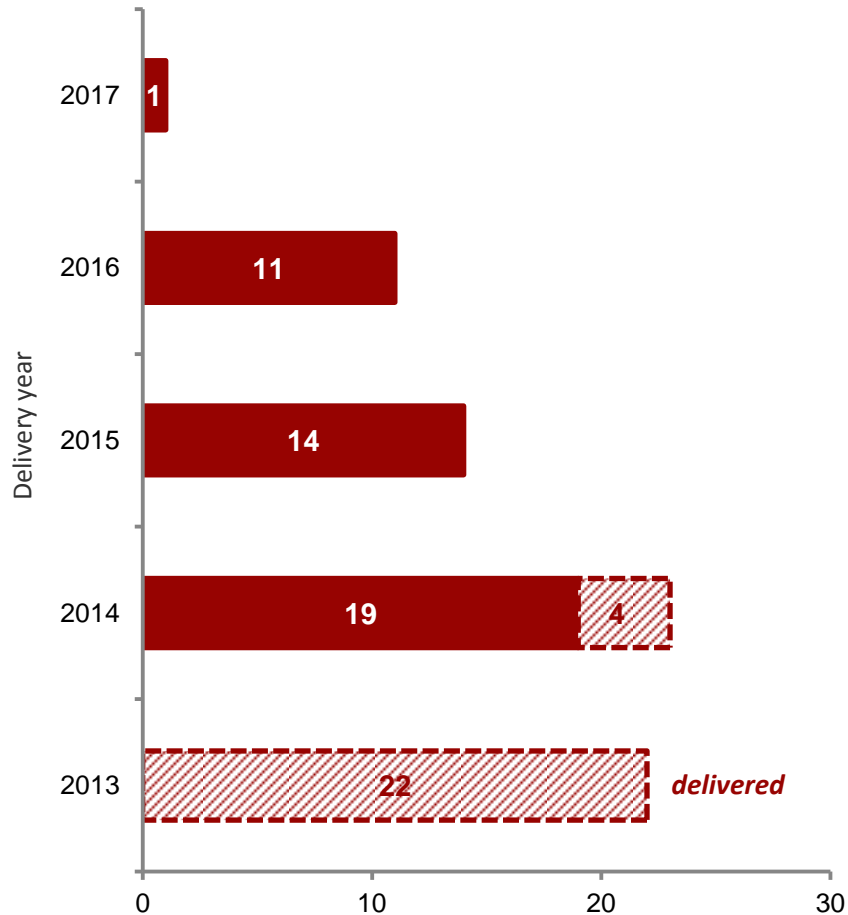
Order book value at the end of the period (NOK million)<sup>1)</sup>



1) Includes firm orders only. Includes variation orders and trading packages

# Order book status

Order book as of 31 March 2014 (# of vessels)



Delivery year	Norway / Romania	Brazil	Vietnam	Total
2017		1 OSCV		1
2016	1 AHTS 5 OSCV	1 OSCV 3 Other	1 PSV	11
2015	4 PSV 3 OSCV 1 Other	1 AHTS 3 Other	2 PSV	14
2014	2 AHTS 5 PSV 5 OSCV 4 Other	2 AHTS 1 PSV 2 Other	2 PSV	23
2013	3 AHTS 9 PSV 3 OSCV 4 Other	1 PSV	2 PSV	22

# Order book by region and vessel type

By Region	Order book 31 Dec 2013	Deliveries 1Q 2014	Order intake 1Q 2014	Order book 31 Mar 2014
Norway / Romania	25	4	5	26
Brazil	14	-	-	14
Vietnam	2	-	3	5
<b>Total</b>	<b>41</b>	<b>4</b>	<b>8</b>	<b>45</b>

By Vessel Type	Order book 31 Dec 2013	Deliveries 1Q 2014	Order intake 1Q 2014	Order book 31 Mar 2014
AHTS	5	1	1	5
PSV	10	2	5	13
OSCV	13	-	2	15
Other	13	1	-	12
<b>Total</b>	<b>41</b>	<b>4</b>	<b>8</b>	<b>45</b>

# Operations – Romania, Norway, Vietnam

- Romania
  - Investment program at Vard Tulcea completed
  - Positive development of productivity in both structural steel fabrication, steel outfitting and piping pre-fabrication
  - High workload at the hull yards in Romania
- Norway
  - Successful delivery of four vessels during the quarter
  - Generally good yard utilization at the outfitting yards in Norway; reduced workload at one yard during March
- Vietnam
  - Workload improved as a result of three new contracts secured during the quarter
  - All projects progressing as planned



# Operations – Brazil (Vard Niterói)

- Pro 30 (AHTS to DOF) delivered on 8 April 2014
- Pro 32 (PSV to Siem) sea trial successfully completed; delivery in May
- Still high load at the yard, but reduced from peak in 4Q 2013
- Pro 31 (AHTS to DOF) and EP01 (first LPG tanker for Transpetro) in outfitting stage at quayside; Pro 33 (AHTS to DOF) under construction on slipway



Pro 31, Pro 32 and EP 01 at quayside in Niterói

# Operations – Brazil (Vard Promar)

- Yard construction in final stage
  - Gantry crane arrived at yard; installation to be completed in July 2014
  - Currently about 1 210 employees at the yard
- Vessels under construction
  - EP 01 in outfitting stage at Vard Niterói
  - EP 02 in hull erection stage at Rio Nave shipyard
  - EP 03 in hull erection stage at Vard Promar; block assembly nearly completed. Planned launching in July
  - EP 04 block assembly ongoing at Vard Promar
  - EP 05 steel cutting commenced on 22 April 2014

# Vard Promar – Progress on first vessel (EP 03) under construction at the new yard

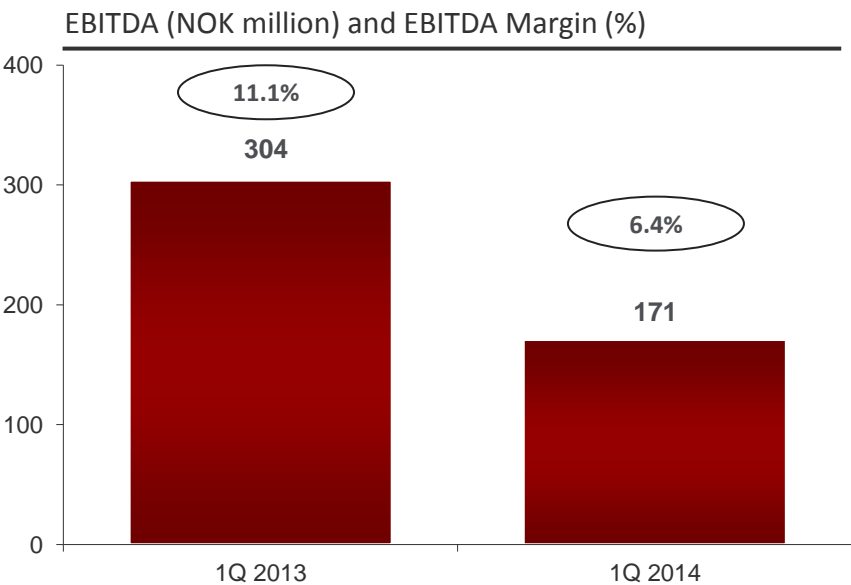
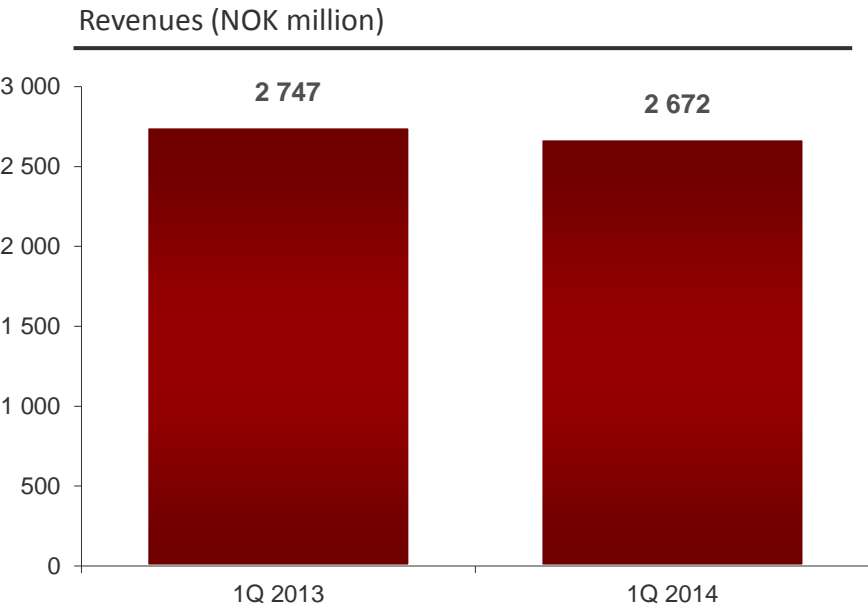


1Q 2014

# Financial highlights



# Revenues and margins

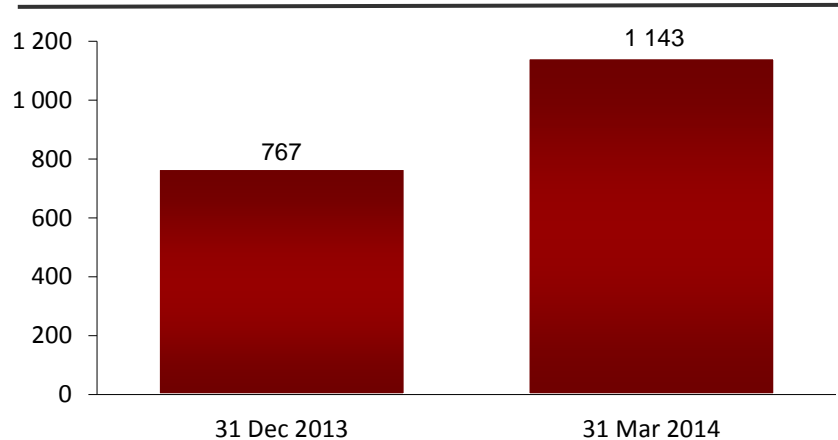


# Statement of income – major items

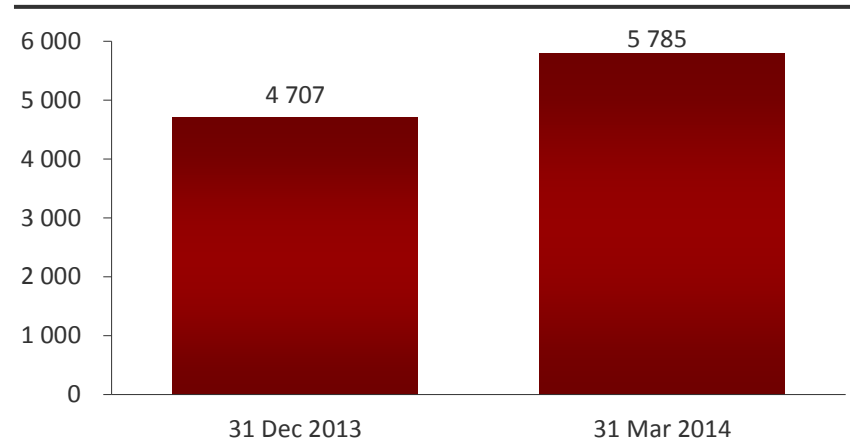
(NOK million)	1Q ended 31 March		Δ (%)
	2014	2013	
<b>Revenue</b>	<b>2 672</b>	<b>2 747</b>	(2.7%)
Materials, subcontract cost and others	(1 799)	(1 823)	(1.3%)
Salaries and related costs	(552)	(485)	13.8%
<b>EBITDA</b>	<b>171</b>	<b>304</b>	(43.8%)
<i>EBITDA %</i>	<i>6.4%</i>	<i>11.1%</i>	<i>n/m</i>
<b>Operating profit</b>	<b>123</b>	<b>275</b>	(55.3%)
Net financial income / (cost)	(6)	(12)	(50.0%)
<b>Profit before tax</b>	<b>119</b>	<b>264</b>	(54.9%)
<b>Profit for the period</b>	<b>85</b>	<b>180</b>	(52.8%)

# Cash and cash equivalents, and construction loans

Net Cash (NOK million)<sup>1</sup>

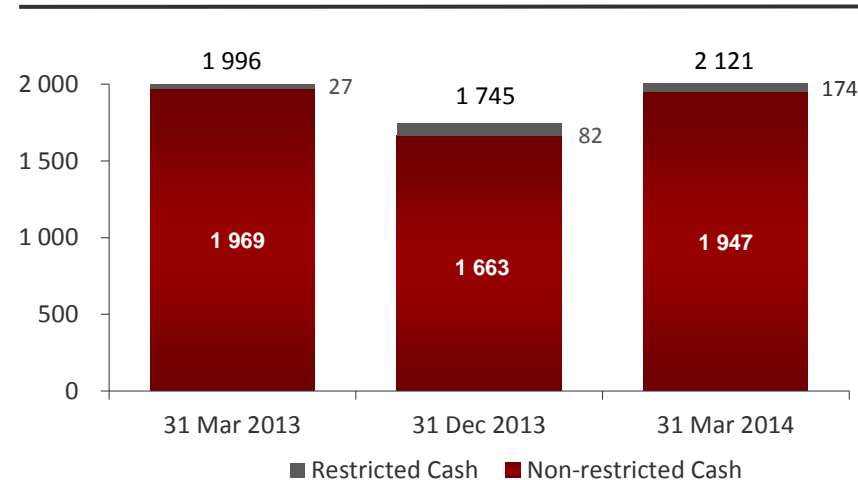


Construction Loans (NOK million)



(1) Cash and cash equivalents less sum of short-term and long-term interest bearing liabilities, excluding construction financing

Cash and Cash Equivalents (NOK million)



■ Restricted Cash ■ Non-restricted Cash

# Major balance sheet items

(NOK million)	As at	
	31 March 2014	31 December 2013
Non-current assets	3 266	3 281
Current assets	11 626	10 390
<b>Total assets</b>	<b>14 892</b>	<b>13 671</b>
<b>Total equity</b>	<b>3 779</b>	<b>3 708</b>
Loans and borrowings and construction loans	6 084	5 012
Trade and other payables and construction work in progress	3 741	3 616
Other current liabilities	423	452
Long-term loans and borrowings	679	673
Other non-current liabilities	186	210
<b>Total liabilities</b>	<b>11 113</b>	<b>9 963</b>
<b>Total equity and liabilities</b>	<b>14 892</b>	<b>13 671</b>



# Cash flow highlights

(NOK million)	1Q ended 31 March	
	2014	2013
Cash flows from operating activities	311	(335)
Cash flows from investing activities	(23)	(152)
Cash flows from financing activities	(2)	26
<b>Net change in cash and cash equivalents</b>	<b>286</b>	<b>(461)</b>
Cash and cash equivalents excluding restricted cash at the beginning of the financial period	1 663	2 418
Effects of currency translation differences	(2)	12
<b>Cash and cash equivalents excluding restricted cash at the end of the financial period</b>	<b>1 947</b>	<b>1 969</b>
Restricted cash at the end of financial period	174	27
<b>Cash and cash equivalents at the end of the financial period</b>	<b>2 121</b>	<b>1 996</b>

# Earnings per share

	1Q ended 31 March	
	2014	2013
Earnings for the period (NOK millions)	92	188
<b>Earnings for the period (SGD millions)</b>	<b>19</b>	<b>40</b>
Weighted average number of shares (millions)	1 180	1 180
Earnings per share (NOK)	0.08	0.16
<b>Earnings per share (SGD cents)</b>	<b>1.61</b>	<b>3.39</b>
Adj. weighted average number of shares (millions)	1 180	1 181
Diluted earnings per share (NOK)	0.08	0.16
<b>Diluted earnings per share (SGD cents)</b>	<b>1.61</b>	<b>3.39</b>
Exchange rates (SGD/NOK)	4.767	4.685

Note: Earnings per ordinary share for the financial period attributable to equity holders of the parent.  
 SGD amounts are translated from NOK based on the exchange rates prevailing at the reporting dates.

# Net asset value per share

	As at	
	31 March 2014	31 December 2013
Net asset value at the end of the period (NOK millions)	3 766	3 688
<b>Net asset value at the end of the period (SGD millions)</b>	<b>790</b>	<b>767</b>
Number of shares (millions)	1 180	1 180
Net asset value per ordinary share (NOK)	3.19	3.13
<b>Net asset value per ordinary share (SGD)</b>	<b>0.67</b>	<b>0.65</b>
Exchange rate (SGD/NOK)	4.767	4.809

Note: Net asset value at the end of the financial period, and at the end of the last financial year, attributable to equity holders of the parent.

SGD amounts are translated from NOK based on the exchange rates prevailing at the reporting dates.

1Q 2014

# Outlook

# Outlook

- Continued strong demand from subsea support and construction vessel segment, despite concerns over rising production cost in the oil & gas industry
- Order activity for full year 2014 expected to be good – though order intake in 1Q considered to be exceptional
- Better visibility due to further extension of the order book
- Average vessel size and complexity continue to increase
- Overall improved load situation, with Vietnam recovering from underutilization, and Niterói from overload – but higher volatility expected in Norway due to larger, yet fewer projects
- Incremental growth opportunities from new business development – such as establishment of Vard Marine, a new design and engineering subsidiary in Canada
- Brazil yard performance is key in the short and medium term



1Q 2014

Q&A