



For Immediate Release

VARD FOCUSING ON R&D AND INNOVATION AMID A SLOWER MARKET IN 2015

- *Successful delivery of four vessels from yards in Brazil, Norway, Romania and Vietnam*
- *Slowdown in activity has started in 2Q2015*
- *EBITDA margin of 1.8% reflecting weaker performance at some yards*
- *Soft vessel demand likely to persist in the near term, but niche opportunities exist*
- *New innovation project launched*

Singapore, 22 July 2015 – Vard Holdings Limited (“VARD”, and together with its subsidiaries, the “Group”), one of the major global designers and shipbuilders of offshore and specialised vessels, today announced its financial results for the second quarter ended 30 June 2015 (“2Q2015”) and first half ended 30 June 2015 (“1H2015”).

Challenging industry outlook weighs on order book development

VARD faced a slowdown in activity at some yards during 2Q2015 as the overall weakness in the oil and gas sector began to impact operations. Order book development remained muted, with one new vessel order secured by the Group during the quarter. New order intake, including variation orders and repair and conversion work, amounted to NOK 956 million. Order book value at the end of 2Q2015 stood at NOK 13.92 billion, representing a 10.9% decline from the preceding quarter (“1Q2015”), and a 35.6% decrease from the same period in the preceding year (“2Q2014”). This corresponds to an order book of 29 vessels, of which 17, or 59%, will be of VARD’s own design.

Softer top-line and margins; earnings per share positive

VARD posted a revenue of NOK 2.49 billion in 2Q2015, representing a 15.3% decline from 2Q2014, whereas 1H2015 revenues came in at NOK 5.55 billion, in line with the previous corresponding period in 2014 (“1H2014”).

On the back of weaker performance at some of the yards, EBITDA margin (representing EBITDA before restructuring cost to total operating revenues) fell to 1.8% in 2Q2015, against an EBITDA margin of 6.4% for 2Q2014. Operating profit turned negative, with the Group registering a loss of NOK 21 million for 2Q2015 and a loss of NOK 12 million for 1H2015, down respectively from operating profits of NOK 140 million in 2Q2014 and NOK 263 million in 1H2014. For the consolidated Group, VARD posted a net loss of NOK 51 million and NOK 277 million for 2Q2015 and 1H2015 respectively, against a profit after tax of NOK 105 million and NOK 190 million in the corresponding periods the year before. Profit attributable to equity holders of the parent, however, was positive NOK 58 million for 2Q2015, translating into earnings per share of 0.85 SGD cents.

Over the quarter, cash holdings decreased from NOK 2.0 billion to NOK 904 million as at 30 June 2015, as a consequence of capital-intensive projects that tie up a significant amount of cash. In anticipation of the greater capital needs ahead, VARD has secured new credit lines, with additional facilities under negotiation, to ensure the Group maintains a healthy free cash reserve.

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Workload decreasing; cost cuts and capacity adjustments under way

Yard activity levels at VARD's European shipyards in Romania and Norway have started to taper off due to the shortfall in new orders in recent quarters. Two vessels were delivered during the quarter in Europe, bringing total vessel delivery to six in 1H2015. In response to the decreasing workload, cost-cutting measures and capacity adjustments are being implemented in order to mitigate the impact of lower capacity utilization. A program to reduce the workforce has started, its extent depending on the order book development going forward.

In Vietnam, operations remain robust and yard utilization remains healthy with the delivery of one Platform Supply Vessel ("PSV") during the quarter, and two vessels in 1H2015.

During the quarter, VARD's first Brazilian yard, Vard Niterói, delivered one Anchor Handling Tug Supply ("AHTS") vessel, and in July 2015, the yard successfully delivered its first LPG carrier to Transpetro. With only one AHTS vessel and outfitting work on a second LPG carrier outstanding, downsizing continues as planned, while new business opportunities for the yard are being evaluated.

At the Group's newest shipyard in Brazil, Vard Promar, progress on the LPG carriers under construction there is unfolding slower than expected, resulting in a need for additional loss provisions during the quarter. Work is also progressing on two Pipe-laying Support Vessel ("PLSV") projects amid high activity at the yard.

Market remains challenging; focus on R&D and innovation to retain competitive edge

The uncertain oil and gas sector outlook continues to weigh on global offshore vessel demand, and in particular on the North Sea market. Despite the overall weak near-term outlook, VARD sees opportunities in some specialized segments, both within offshore and in other niche markets. In an effort to reach out to new clients, markets and segments, VARD is running in high gear in concept design, and the Group's focus on research and development (R&D) is undiminished. Introduced to the market in June, VARD's latest innovation project, 'A step forward', presents new ideas in design, automation and control, as well as accommodation solutions for future vessels, which can increase efficiency and ease of operations and boost returns on investment for ship owners. VARD also continues to expand its Equipment and Solutions portfolio, and develop new business areas. During the quarter the Group, through its 51%-controlled subsidiary SEAONICS, acquired ICD Software, a specialized provider of automation software and control systems.

Roy Reite, Chief Executive Officer and Executive Director of VARD, commented, "As we work through the necessary adjustments in our organization to address the challenges posed by the market, we continue to focus on R&D and new business development to reinforce VARD's position. So far, we have received positive industry feedback on our recent initiatives. Testament to our strengths in developing innovative solutions together with our clients, we are proud that *Skandi Africa*, a vessel delivered to DOF Subsea, has won the Ship of the Year 2015 award in Norway."

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About VARD

Vard Holdings Limited (“VARD”), together with its subsidiaries (the “Group”), is one of the major global designers and shipbuilders of offshore and specialized vessels used in the offshore oil and gas exploration and production and oil services industries. Headquartered in Norway and with 11,000 employees, VARD operates ten strategically located shipbuilding facilities, including five in Norway, two in Romania, two in Brazil and one in Vietnam. Through its specialized subsidiaries, VARD develops power and automation systems, deck handling equipment, and vessel accommodation solutions, and provides design and engineering services to the global maritime industry.

VARD’s long shipbuilding traditions, cutting-edge innovation and technology coupled with its global operations ensure access to the fastest growing oil exploration markets. The Group’s expertise and track record in constructing complex and highly customized offshore and specialized vessels have earned it recognition from industry players and enabled it to build strong relationships with its customers.

VARD was listed on the Main Board of the Singapore Exchange on 12 November 2010. Majority shareholder Fincantieri Oil & Gas S.p.A., a wholly owned subsidiary of FINCANTIERI S.p.A., owns 55.63% in the Group. Headquartered in Trieste, Italy, FINCANTIERI is one of the world’s largest shipbuilding groups and has, over its 200 years of maritime history, built more than 7,000 vessels.

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