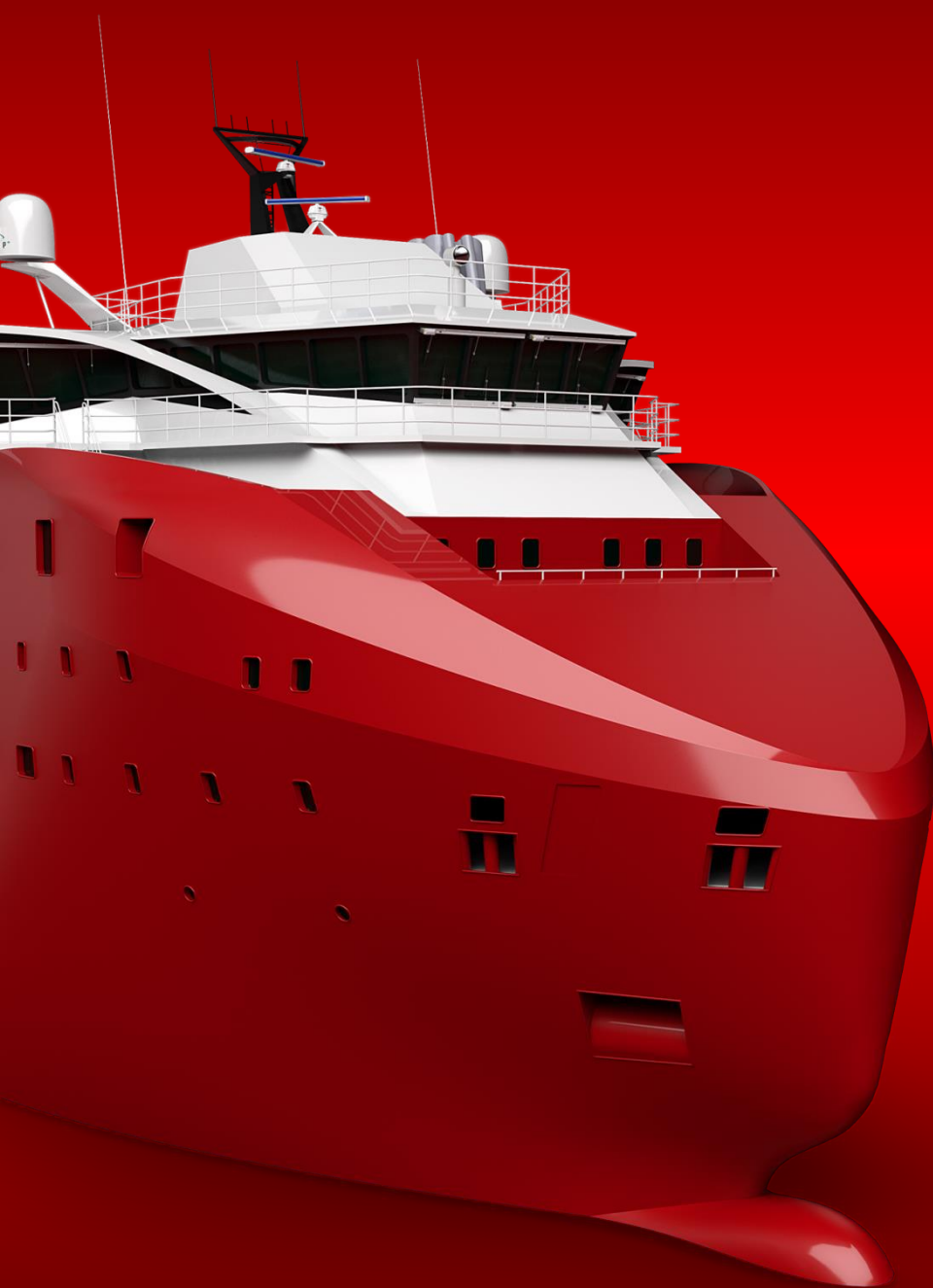


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**VARO**™

a Fincantieri company

# Disclaimer

*This presentation should be read in conjunction with Vard Holdings Limited's results for the period ended 30 June 2015 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.*



# 2Q 2015 Results Presentation

Vard Holdings Limited

22 July 2015

# 2Q 2015 Highlights

- **Revenue** of NOK 2 489 million, down from NOK 2 942 million in 2Q 2014
- **EBITDA** (before restructuring cost) of NOK 46 million, down from NOK 189 million in 2Q 2014
- **EBITDA margin** (EBITDA before restructuring cost to total operating revenues) of 1.8% (2Q 2014: 6.4%)
- **Order intake** of NOK 956 million; one new vessel contract secured. Order intake may vary significantly on a quarter-by-quarter basis
- 29 vessels in the **order book** as at 30 June 2015, of which 17 are VARD designs
- Still **challenging market** and weak new order prospects in the short term; opportunities exist in some specialized segments
- **Cost cutting and capacity adjustments** ongoing; program to reduce the workforce commenced
- Strict cost control and avoidance of further delays top priorities in **Brazil**
- **Innovation project**, diversification and new business development initiatives launched

2Q 2015

# Business update

# Vessel deliveries and new contracts – 2Q 2015

## Vessel deliveries

### 1 AHTS

- Skandi Angra from Vard Niterói (Brazil) to DOF

### 2 PSVs

- Island Clipper from Vard Brevik (Norway) to Island Offshore
- Troms Hera from Vard Vung Tau (Vietnam) to Troms Offshore

### 1 Other (Offshore Tug Vessel)

- BB Power from Vard Braila (Romania) to Buksér og Berging

## New contracts

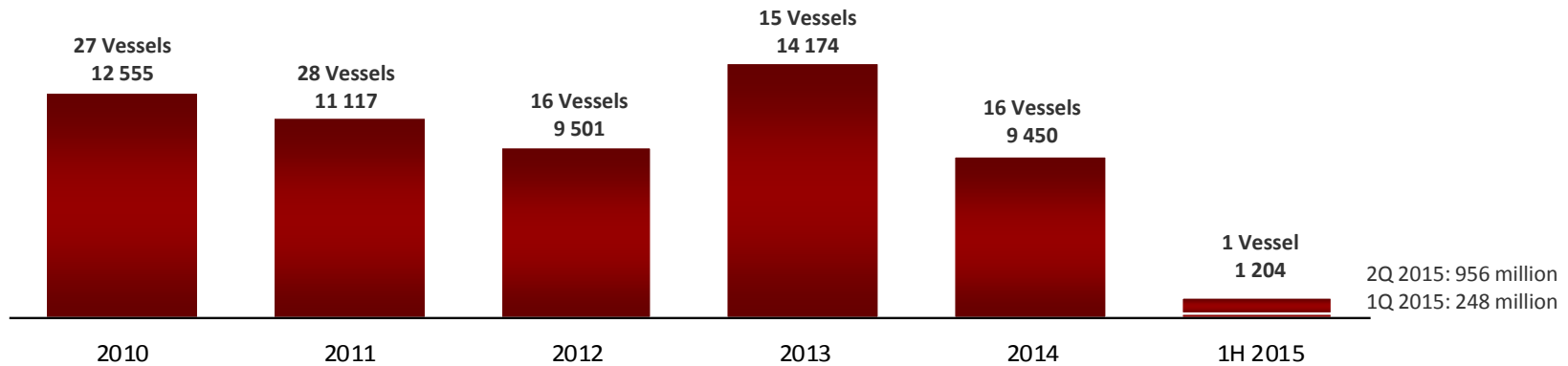
One new vessel contract secured in 2Q 2015

- 1 OSCV for Kreuz Subsea

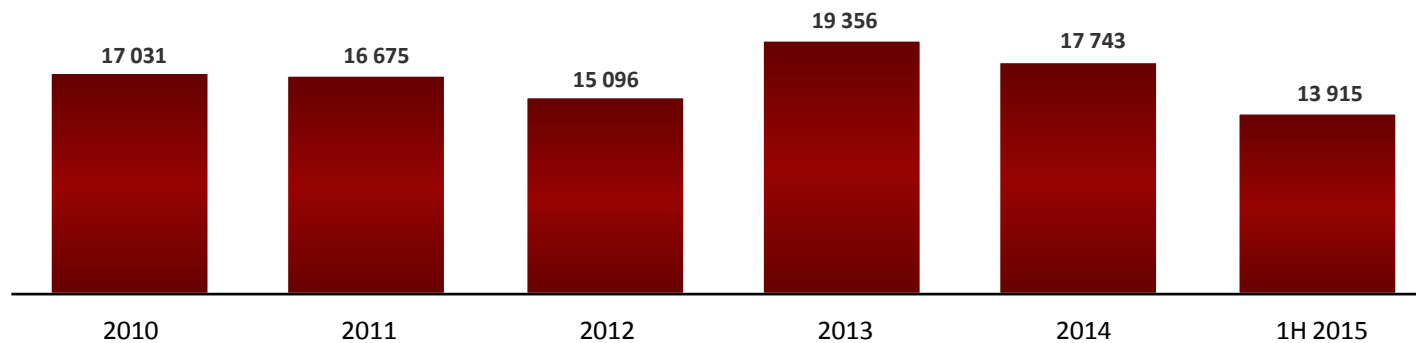
As at 30 June 2015, the Group had 29 vessels in the order book,  
17 of which will be of VARD's own design.

# Order book development

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



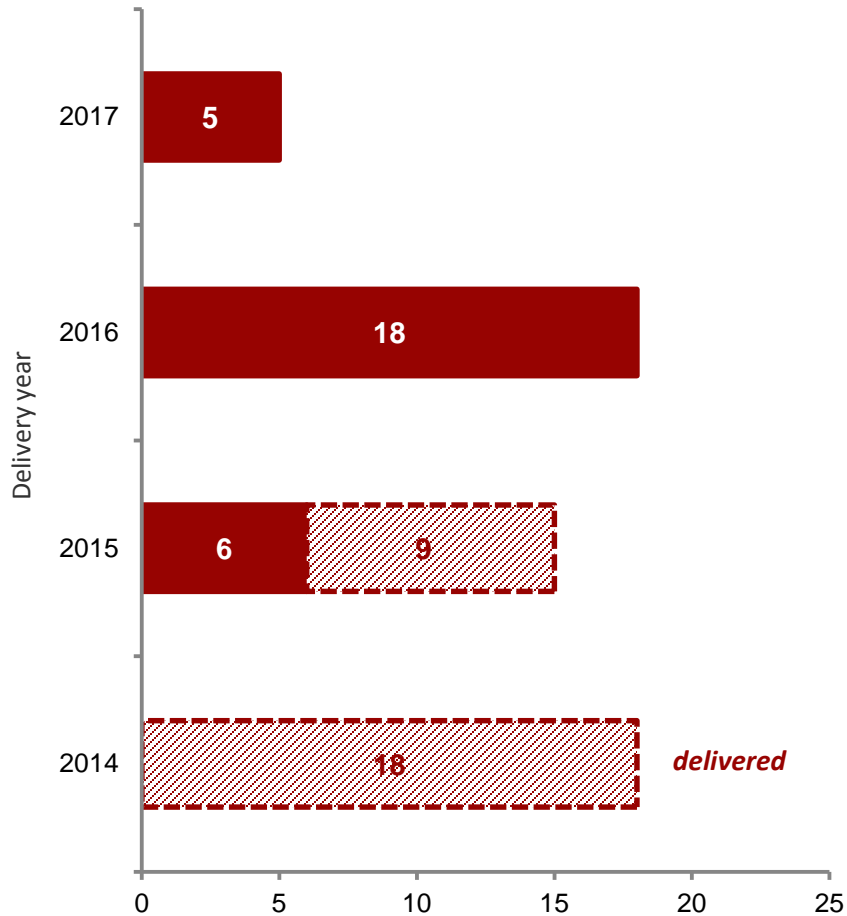
Order book value at the end of the period (NOK million)<sup>1)</sup>



1) Includes firm orders only. Includes variation orders, repair and conversion, and trading packages

# Order book status

Order book as of 30 June 2015 (# of vessels)



Delivery year	Norway / Romania	Brazil	Vietnam	Total
2017	1 AHTS 2 OSCV	1 OSCV 1 Other		5
2016	1 AHTS 5 PSV 5 OSCV	1 OSCV 4 Other	1 PSV 1 OSCV	18
2015	2 PSV 3 OSCV 2 Other	2 AHTS 3 Other	3 PSV	15
2014	2 AHTS 5 PSV 5 OSCV 3 Other	1 AHTS 1 PSV	1 PSV	18



# Order book by region and vessel type

By Region	Order book 31 Mar 2015	Deliveries 2Q 2015	Order intake 2Q 2015	Order book 30 Jun 2015
Norway / Romania	16	2	1	15
Brazil	12	1	-	11
Vietnam	4	1	-	3
<b>Total</b>	<b>32</b>	<b>4</b>	<b>1</b>	<b>29</b>

By Vessel Type	Order book 31 Mar 2015	Deliveries 2Q 2015	Order intake 2Q 2015	Order book 30 Jun 2015
AHTS	4	1	-	3
PSV	9	2	-	7
OSCV	10	-	1	11
Other	9	1	-	8
<b>Total</b>	<b>32</b>	<b>4</b>	<b>1</b>	<b>29</b>

# Operations – Romania and Norway

- Activity level at some yards has started to decline as a result of the shortfall in new orders
- Utilization is volatile and varies from yard to yard
- Program to reduce the workforce commenced in order to mitigate the impact of lower utilization in different order book scenarios
- Cost cutting measures and capacity adjustments are geared towards minimizing the effects of under-utilization while preserving core competences in the Group
- Engineers and skilled labor from Romania and Norway engaged to support Vard Promar; additional engineering resources subcontracted to Fincantieri parent group

# Operations – Vietnam

- One PSV successfully delivered during the quarter
- Stable operations at the yard
- Yard utilization is still good
- Work on two vessels with terminated contracts continues; additional three vessels in the order book

## Operations – Brazil (Vard Promar)

- Situation at the yard is still demanding
- Progress on the LPG carriers not satisfactory during the quarter; additional loss provisions taken
- Focus going forward on further improvements in operational stability and efficiency
  - In particular in later production stages towards delivery of the first LPG carriers from the yard
- Avoidance of further delays key to achieving profitable operations
- PLSV projects are progressing

## Operations – Brazil (Vard Niterói)

- Risk related to legacy orderbook reduced through delivery of Pro31 «Skandi Angra» during the quarter
- Cost overruns continue to be a concern until the delivery of the last remaining AHTS (Pro33)
- Important milestone reached with successful delivery of first LPG carrier to Transpetro on 9 July 2015
- Downsizing continues in line with decreasing workload
- Currently evaluating opportunities for follow-on business at Niterói after the completion of the current newbuilding program

# Two successful deliveries from Vard Niterói



«Skandi Angra»

- delivered on 5 May 2015 to DOF

«Oscar Niemeyer»

- delivered on 9 July 2015  
to Transpetro



# Undiminished focus on R&D and innovation



- Innovation project «A step forward» launched, presenting ideas for future vessels
- Collaboration initiative between specialized subsidiaries Vard Design, Vard Electro and Vard Accommodation, showcasing a range of new concepts and products
- Focus on higher return on investment for ship-owners, increased efficiency and ease of operations, and an attractive work environment on board

# «Skandi Africa» named Ship of the Year 2015 in Norway



«Skandi Africa», delivered from Vard Sjøviknes to DOF Subsea

- VARD 3 12 design, DP class 3 vessel for deep water subsea construction and flexlay operations up to 3,000 m water depth
- 900 mt pedestal mounted crane, 650 mt tiltable lay system for flexible pipes, pipe storage equipment with a 3,500 mt basket, 2 heavy duty work ROVs



# Acquisition of ICD Software

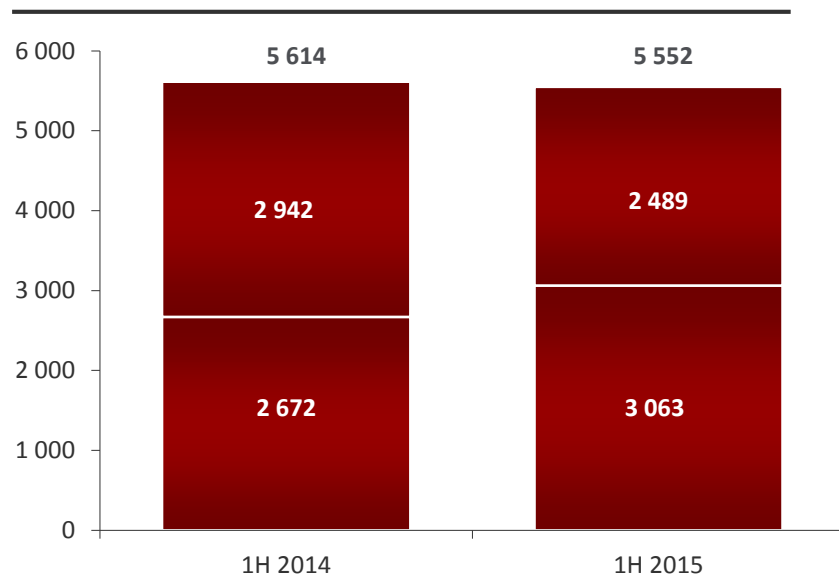
- Through its 51% controlled subsidiary SEAONICS, VARD has acquired ICD Software and its subsidiaries
- SEANONICS delivers winches, cranes and handling equipment to the offshore and maritime sector; ICD Software is specialized in the development of automation software and control systems
- Through the acquisition, SEAONICS is expected to be able to expand its business in deck handling equipment and automation technology
- The acquisition is part of VARD's ongoing initiative to strengthen its Equipment and Solutions portfolio and develop new business areas

2Q 2015

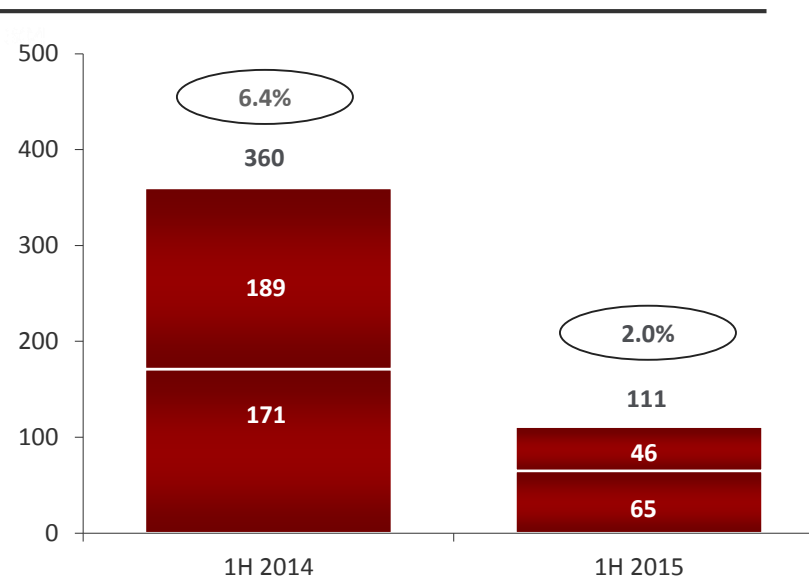
# Financial highlights

# Revenues and margins

Revenues (NOK million)



EBITDA<sup>1)</sup> (NOK million) and EBITDA Margin (%)



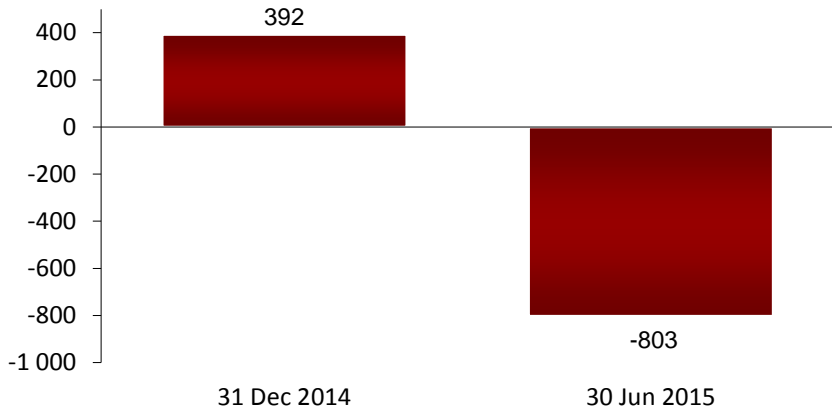
1) EBITDA before restructuring cost

# Statement of income – major items

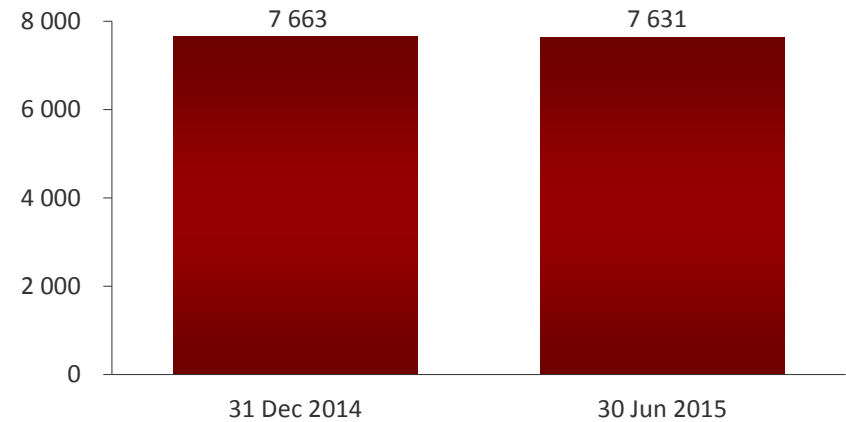
(NOK million)	2Q ended 30 June		Δ (%)	1H ended 30 June		Δ (%)
	2015	2014		2015	2014	
<b>Revenue</b>	<b>2 489</b>	<b>2 942</b>	-15.4%	<b>5 552</b>	<b>5 614</b>	-1.1%
Materials, subcontract cost and others	(1 663)	(1 993)	-16.6%	(3 852)	(3 792)	1.6%
Salaries and related costs	(639)	(611)	4.6%	(1 302)	(1 163)	12.0%
<b>EBITDA before restructuring cost</b>	<b>46</b>	<b>189</b>	-75.7%	<b>111</b>	<b>360</b>	-69.2%
<i>EBITDA %</i>	<i>1.8%</i>	<i>6.4%</i>	<i>n/m</i>	<i>2.0%</i>	<i>6.4%</i>	<i>n/m</i>
<b>Operating profit (loss)</b>	<b>(21)</b>	<b>140</b>	<i>n/m</i>	<b>(12)</b>	<b>263</b>	<i>n/m</i>
Net financial income / (cost)	(5)	10	<i>n/m</i>	(221)	4	<i>n/m</i>
<b>Profit (loss) before tax</b>	<b>(23)</b>	<b>155</b>	<i>n/m</i>	<b>(229)</b>	<b>274</b>	<i>n/m</i>
<b>Profit (loss) for the period</b>	<b>(51)</b>	<b>105</b>	<i>n/m</i>	<b>(277)</b>	<b>190</b>	<i>n/m</i>

# Cash and cash equivalents, and construction loans

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

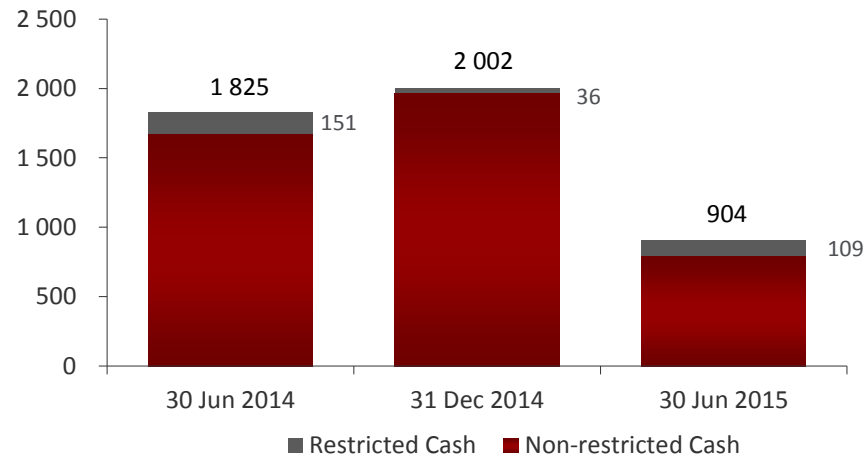


Construction Loans (NOK million)



(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)



# Cash and cash equivalents

- Projects currently in the order book tie up, and will continue to tie up, a significant amount of cash in the quarters to come. The projects requiring the highest working capital are scheduled for delivery in 1H 2016
- New credit lines are already secured, and additional facilities are under negotiation in order to maintain a healthy free cash reserve
- The new bank facilities carry competitive terms and conditions compared to the Group's existing credit facilities

# Major balance sheet items

(NOK million)	As at	
	30 June 2015	31 December 2014
Non-current assets	3 802	3 786
Current assets	13 691	15 663
<b>Total assets</b>	<b>17 493</b>	<b>19 449</b>
<b>Total equity</b>	<b>3 805</b>	<b>3 864</b>
Loans and borrowings, current, and construction loans	8 119	8 069
Trade and other payables and construction work in progress	1 685	3 266
Other current liabilities	2 431	2 798
Long-term loans and borrowings	1 219	1 204
Other non-current liabilities	234	248
<b>Total liabilities</b>	<b>13 688</b>	<b>15 585</b>
<b>Total equity and liabilities</b>	<b>17 493</b>	<b>19 449</b>

# Cash flow highlights

(NOK million)	2Q ended 30 June		1H ended 30 June	
	2015	2014	2015	2014
Cash flows from operating activities	(481)	(123)	(1 037)	188
Cash flows from investing activities	(109)	(133)	(173)	(156)
Cash flows from financing activities	(143)	(15)	27	(17)
<b>Net change in cash and cash equivalents</b>	<b>(733)</b>	<b>(271)</b>	<b>(1 183)</b>	<b>15</b>
Cash and cash equivalents excluding restricted cash at the beginning of the financial period	1 457	1 947	1 966	1 663
Effects of currency translation differences	71	(2)	12	(4)
<b>Cash and cash equivalents excluding restricted cash at the end of the financial period</b>	<b>795</b>	<b>1 674</b>	<b>795</b>	<b>1 674</b>
Restricted cash at the end of financial period	109	151	109	151
<b>Cash and cash equivalents at the end of the financial period</b>	<b>904</b>	<b>1 825</b>	<b>904</b>	<b>1 825</b>



# Earnings per share

	2Q ended 30 June		1H ended 30 June	
	2015	2014	2015	2014
Earnings for the period (NOK million)	58	140	(34)	232
<b>Earnings for the period (SGD million)</b>	<b>10</b>	<b>28</b>	<b>(6)</b>	<b>47</b>
Weighted average number of shares (million)	1 180	1 180	1 180	1 180
Earnings per share (NOK)	0.05	0.12	(0.03)	0.20
<b>Earnings per share (SGD cents)</b>	<b>0.85</b>	<b>2.37</b>	<b>(0.51)</b>	<b>3.98</b>
Adj. weighted average number of shares (million)	1 180	1 180	1 180	1 180
Diluted earnings per share (NOK)	0.05	0.12	(0.03)	0.20
<b>Diluted earnings per share (SGD cents)</b>	<b>0.85</b>	<b>2.37</b>	<b>(0.51)</b>	<b>3.98</b>
Exchange rates (SGD/NOK)	5.834	4.930	5.834	4.930

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	
	30 June 2015	31 December 2014
Net asset value at the end of the period (NOK million)	4 227	4 132
<b>Net asset value at the end of the period (SGD million)</b>	<b>725</b>	<b>735</b>
Number of shares (million)	1 180	1 180
Net asset value per ordinary share (NOK)	3.58	3.50
<b>Net asset value per ordinary share (SGD)</b>	<b>0.61</b>	<b>0.62</b>
Exchange rate (SGD/NOK)	5.834	5.622

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.

2Q 2015

# Outlook

# Outlook

- Market remains very challenging; new order outlook still weak in the near term – in particular for the North Sea market
- Opportunities exist in some specialized segments, both within offshore oil & gas and in other niche markets
- High activity in concept design as the Group aims to create new projects and reach out to new clients, markets and segments
- Adjusting capacity flexibly in line with the new order development is key to minimizing the impact of under-utilization in the European yards
- Strict cost control and avoidance of further delays are top priorities in Brazil
- Undiminished focus on R&D and innovation, diversification and new business development initiatives



2Q 2015

Q&A