

built on trust™



VARD™

a Fincantieri company

Disclaimer

This presentation should be read in conjunction with Vard Holdings Limited's results for the period ended 31 December 2017 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.



4Q 2017 Results Presentation

Vard Holdings Limited

1 March 2018

4Q 2017 key messages

- **Revenue** of NOK 2 693 million, up from NOK 2 150 million in 4Q 2016
- **EBITDA** (before restructuring cost) of NOK 8 million, impacted by reassessment of net realisable value for vessels in inventory, down from NOK 67 million in 4Q 2016
- **EBITDA margin** (EBITDA before restructuring cost to total operating revenues) of 0.3%, down from 3.1% in 4Q 2016
- **Order intake**, NOK 3 792 million in 4Q 2017; including one luxury polar expedition cruise vessel and a series of seven trawlers, bringing the total order intake for the year to NOK 8 283 million
- 48 vessels in the **order book** as at 31 December 2017, of which 37 are VARD designs
- **First expedition cruise vessel launched and delivered** from Romania; under outfitting and commissioning in Norway



VARD 6 17 | Electric Hybrid Cruise Icebreaker with LNG propulsion for PONANT

4Q 2017

Business update

Vessel deliveries

6 vessels delivered in 4Q 2017

Gilberto Freyre

From Vard Promar to Transpetro



Design: WBDC | LPG Carrier

Topaz Ishim

From Vard Tulcea to Topaz Energy and Marine



Design: VARD 9 21 | Module Carrier Vessel

Topaz Don

From Vard Vung Tau to Topaz Energy and Marine



Design: VARD 9 21 | Module Carrier Vessel

Topaz Chu

From Vard Tulcea to Topaz Energy and Marine



Design: VARD 9 21 | Module Carrier Vessel

Kreuz Challenger

From Vard Søviknes to Kreuz Subsea



Design: VARD 3 17 | Offshore Diving Support and Construction Vessel

Topaz Kama

From Vard Vung Tau to Topaz Energy and Marine



Design: VARD 9 21 | Module Carrier Vessel

New contracts

13 new contracts secured in 4Q 2017

1 Service Vessel

For Midt-Norsk Havbruk



Design: Marin Design | Delivery: 2Q 2018

Contract value: Undisclosed

2 Freight-and-Service Vessels

For FSV Group



Design: Solstrand Trading | Delivery: 3Q 2018 and 1Q 2019

Contract value: Undisclosed

7 Stern Trawlers

Bergur-Huginn, Utgerdarfelag
Akureyringa, Gjögur and Skinney-
Thinganes



Design: VARD 8 08 | Delivery: 2019

Contract value: Approx. NOK 700 million

1 Luxury Polar Expedition Cruise Vessel

For PONANT



Design: Vard 6 17 | Delivery: 2Q 2021

Contract value: Approx. NOK 2.7 billion

2 Offshore Fish Farming Operation Platforms

For Cermaq

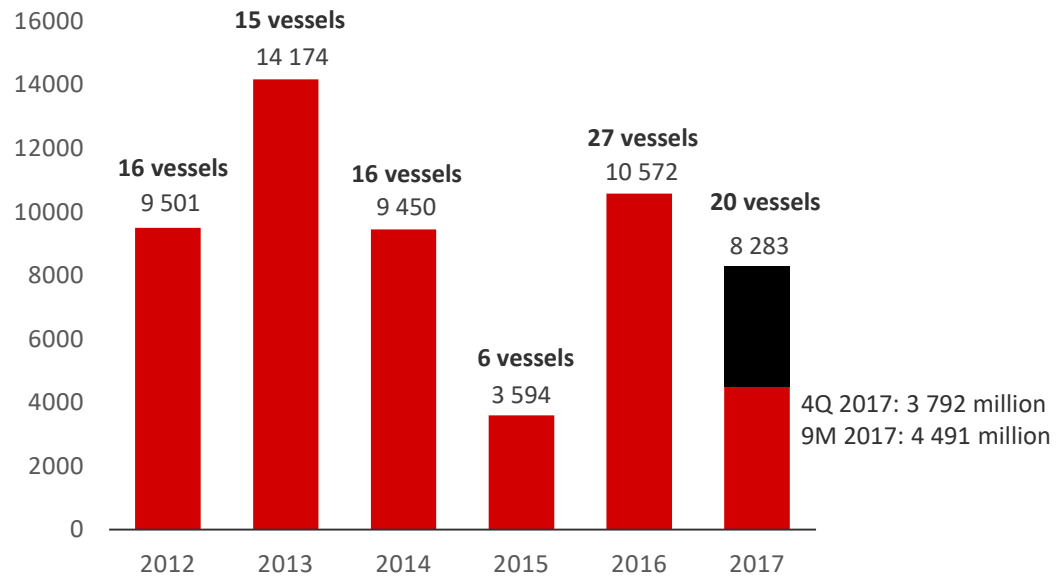


Design: VARD 8 54 | Delivery: 2Q 2018 and 3Q 2018

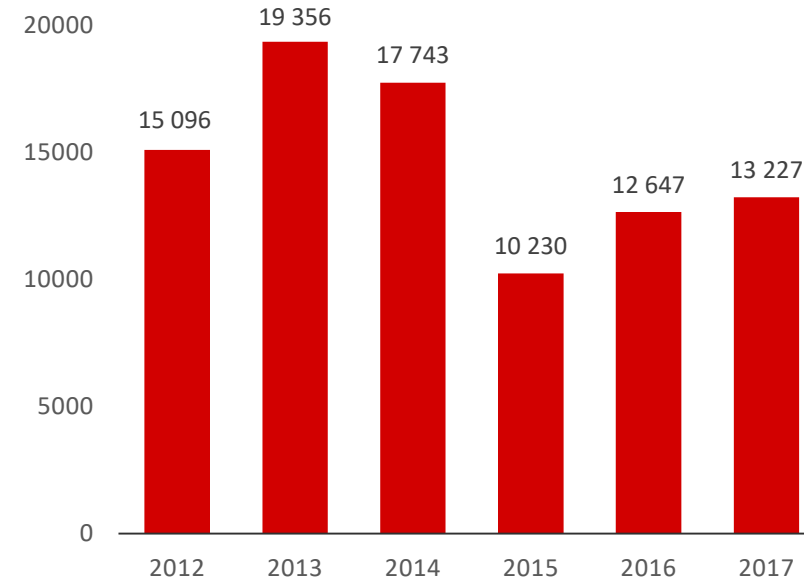
Contract value: Undisclosed

Order book development

New order intake during the period (NOK million)



Order book value at the end of the period (NOK million)

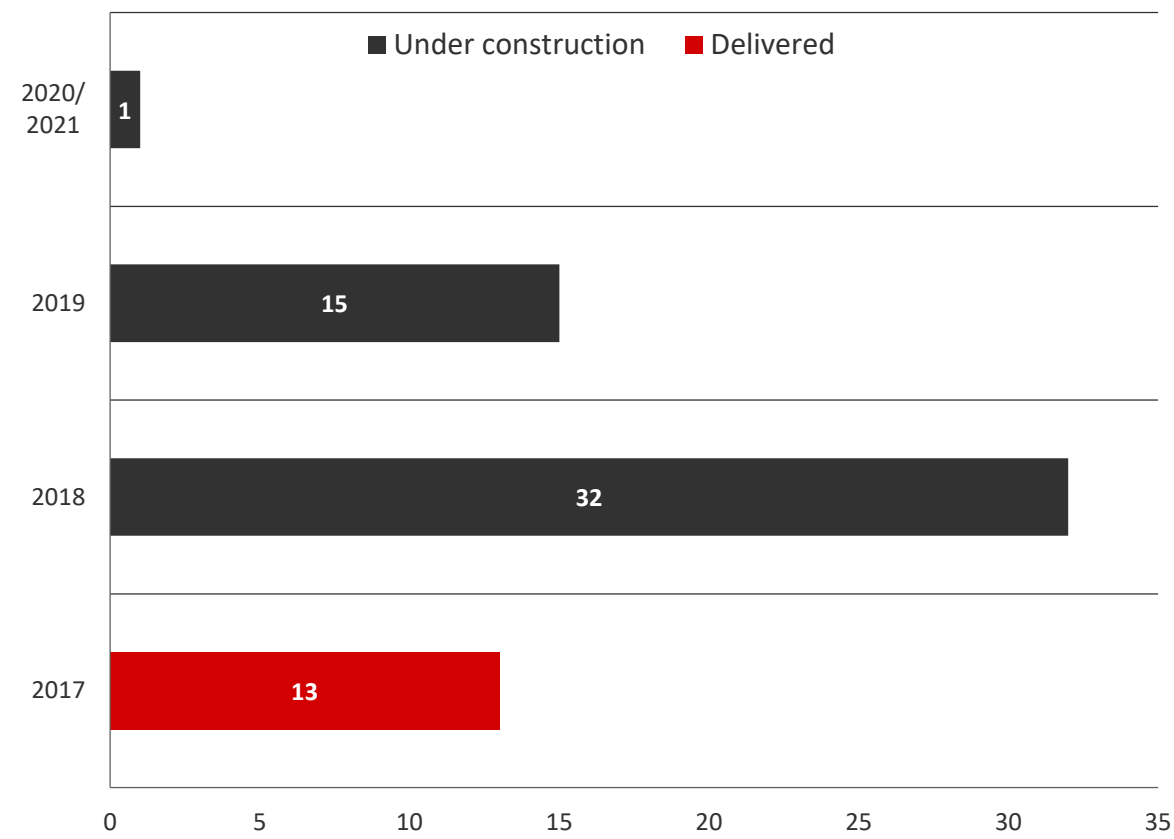


As at 31 December 2017, the Group had 48 vessels in the order book, 37 of which will be of VARD's own design.

Note: Includes variation orders, repair and conversion, and equipment sales

Order book status

Order book as of 31 December 2017 (# of vessels)



Type	Norway	Romania	Vietnam	Brazil	Total
Offshore					1
MCV ⁽¹⁾					
Cruise	1				
Other					
Offshore	1				15
MCV					
Cruise	4		1		
Other	9				
Offshore	5			2	32
MCV		9	3		
Cruise	2				
Other	10			1	
Offshore	3		1		13
MCV		4	4		
Cruise					
Other				1	

(1) Module Carrier Vessels

Order book by region and vessel type

By region

Region	Order book 30 Sep 2017	Deliveries 4Q 2017	Order intake 4Q 2017	Order book 31 Dec 2017
Norway	20	1	13	32
Romania	11	2	-	9
Vietnam	6	2	-	4
Brazil	4	1	-	3
Total	41	6	13	48

By vessel type

Vessel type	Order book 30 Sep 2017	Deliveries 4Q 2017	Order intake 4Q 2017	Order book 31 Dec 2017
AHTS	-	-	-	-
PSV	3	-	-	3
OSCV	6	1	-	5
MCV ⁽¹⁾	16	4	-	12
Cruise	7	-	1	8
Other	9	1	12	20
Total	41	6	13	48

(1) Module Carrier Vessels

Operations – Norway

- Successful order intake within fisheries and aquaculture; 14 vessels and barges under construction at Vard Aukra
- VARD's experience in icebreaking technology secured contract of PONANT's icebreaker for polar expedition voyages
- While workload in engineering and procurement remains high, yard utilization will gradually increase when hulls from Romania arrive in 1Q and 2Q 2018
- Conversion, repair and maintenance continued to supplement newbuilding activity; including upgrades to “Battery Power” notation on several offshore vessels, of which one delivered in 4Q 2017
- Offshore diving support and construction vessel successfully delivered to Kreuz Subsea in Singapore



The new SeaQ™ Energy Storage System mounted on board Far Sun at Vard Brattvaag

Operations – Romania

- First luxury expedition cruise vessel for PONANT launched at Vard Tulcea; moved to Norway for outfitting and commissioning
- Launch and delivery of 9,500 tons hull section to Fincantieri; additional three hull sections under construction
- Third MCV for Kazmortransflot delivered in January 2018; completing the series of three MCVs for the client
- Eight MCVs under construction for Topaz Energy and Marine end of 4Q 2017, of which two already delivered to the client in 2018
- Still very high workload; continuous management effort and initiatives to attract workers and stabilize manning base



First Luxury Expedition Cruise Vessel for PONANT, departing Vard Tulcea for final outfitting at Vard Søviknes in Norway

Operations – Vietnam

- Two MCVs delivered to Topaz Energy and Marine in 4Q 2017, one more delivered after the end of the quarter; last two vessels are under construction and progressing according to plan
- Stable operations and healthy yard utilization
- Good progress on expedition cruise vessel for Coral Expeditions



Naming ceremony of the MCV Topaz Pechora for Topaz Energy and Marine

Operations – Brazil

- One Liquefied Petroleum Gas (LPG) carrier delivered to Transpetro in October 2017
- First Pipelay Support Vessel (PLSV) for Dofcon Navegação (DOF and TechnipFMC) nearing completion; vessel currently undergoing sea trial
- Three vessels in current orderbook; all in advanced stages of outfitting and commissioning
- Rightsizing of the organization continued during the quarter, reflective of the lack of work in early stages of vessel under construction



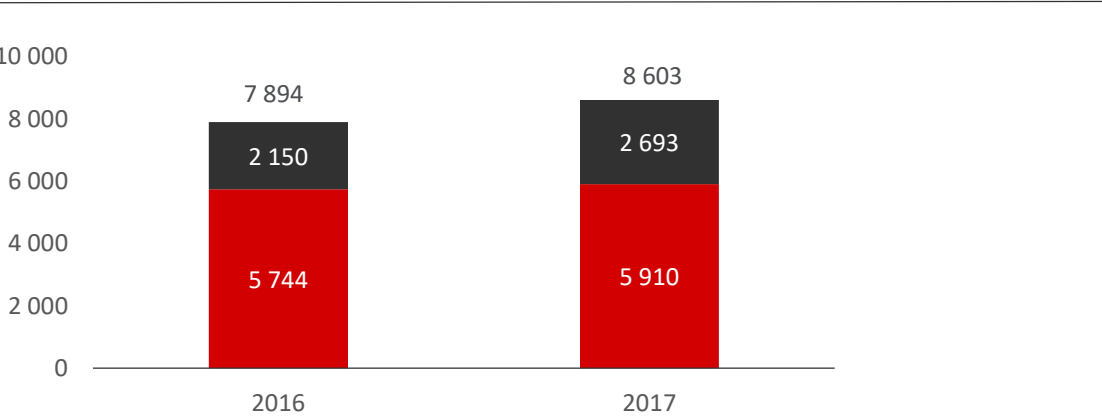
VARD 3 16 | Pipelay Support Vessel under construction at Vard Promar

4Q 2017

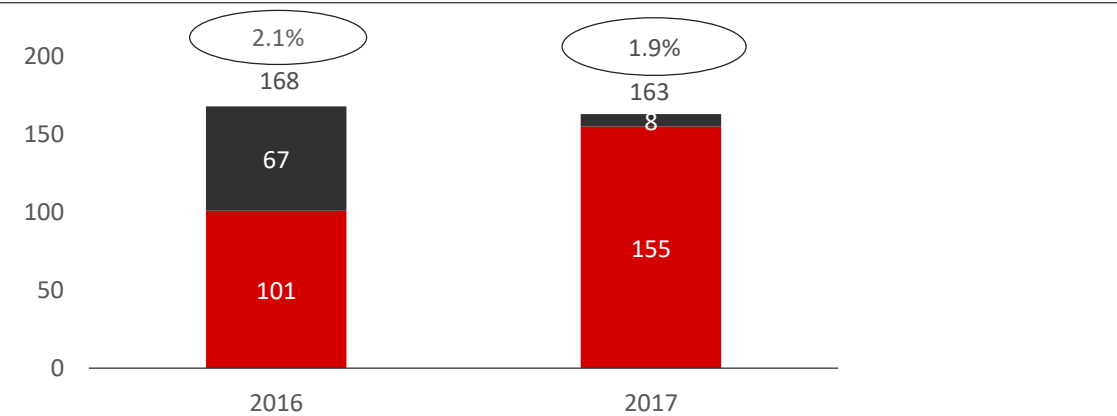
Key financials

Revenues, EBITDA and net income

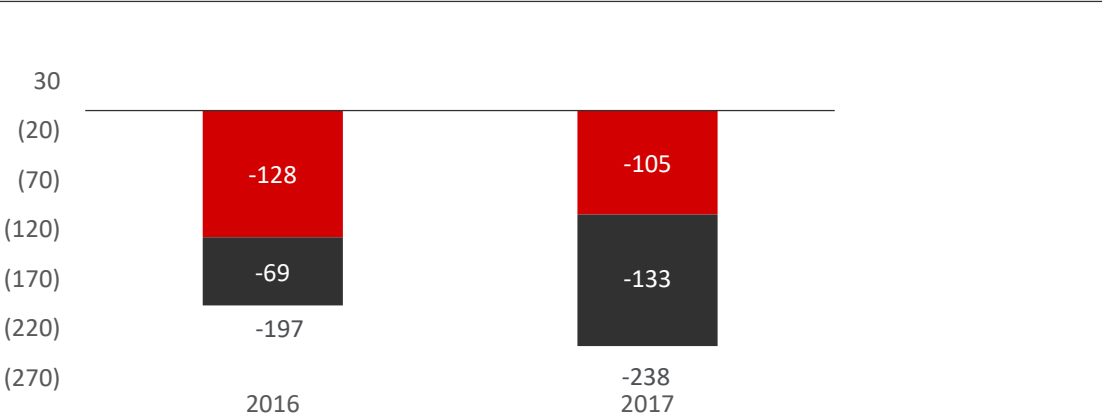
Revenues (NOK million)



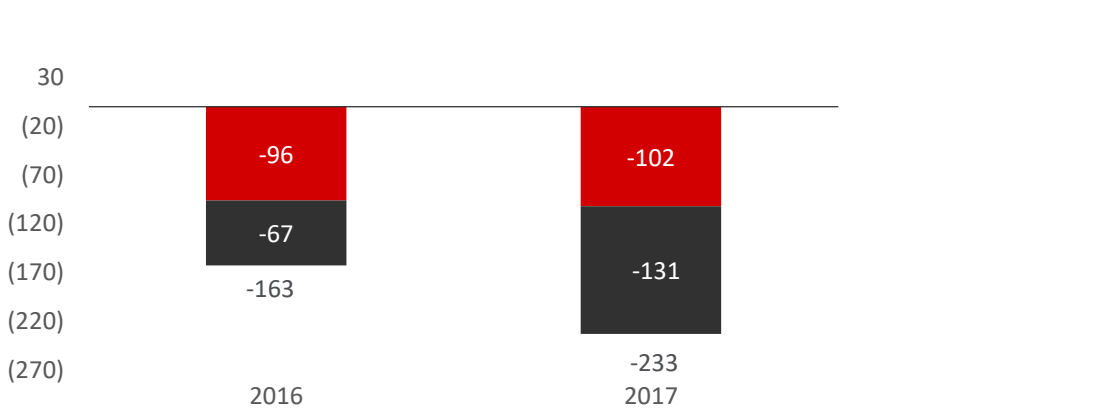
EBITDA (NOK million)



Profit (loss) for the period (NOK million)



Profit (loss) attributable to equity holders of the Company (NOK million)

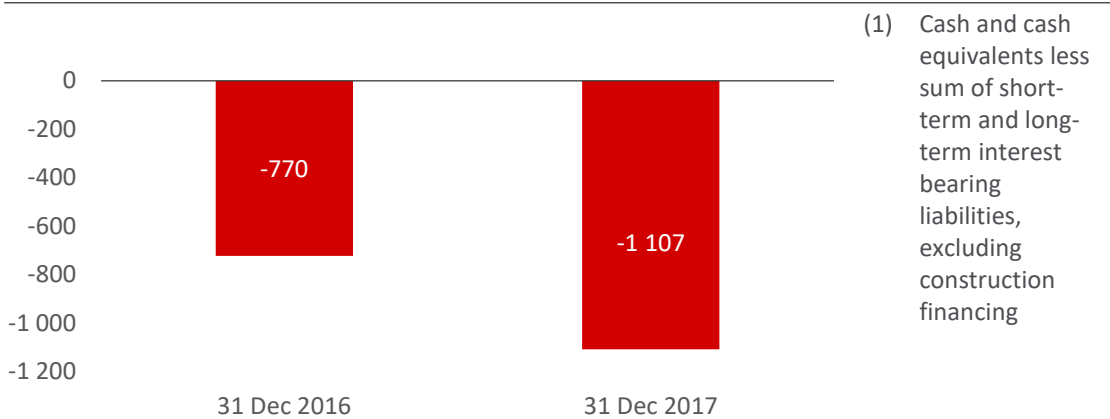


Income statement

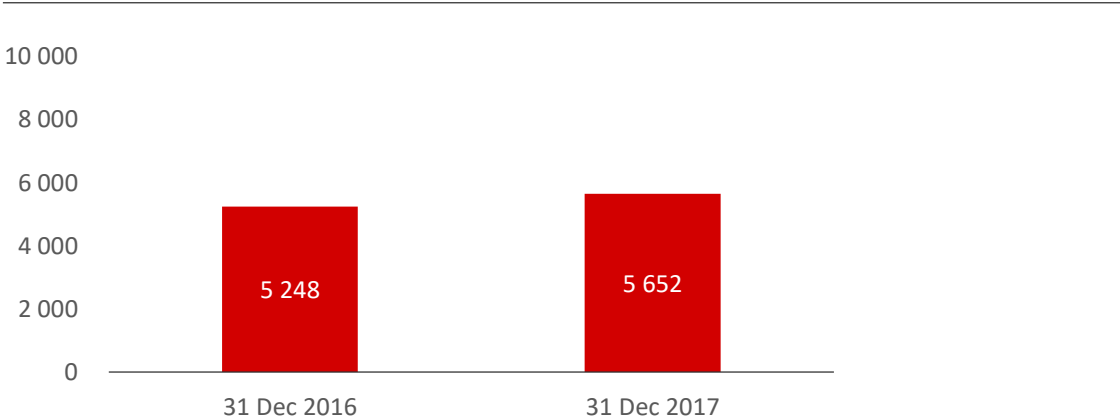
(NOK million)	4Q ended 31 December		FY ended 31 December	
	2017	2016	2017	2016
Revenue	2 693	2 150	8 603	7 894
EBITDA before restructuring cost	8	67	163	168
EBITDA margin (%)	0.3%	3.1%	1.9%	2.1%
Restructuring cost	(12)	(29)	(33)	(105)
Depreciation, impairment and amortization	(55)	(52)	(221)	(205)
Operating profit (loss)	(59)	(14)	(91)	(142)
Net financial income / (cost)	(69)	(3)	(106)	41
Profit (loss) before tax	(142)	(57)	(244)	(159)
Profit (loss) for the period	(133)	(69)	(238)	(197)
Non-controlling interest	(2)	(2)	(5)	(34)
Profit (loss) attributable to equity holders of the Company	(131)	(67)	(233)	(163)

Cash and cash equivalents, and loans and borrowings

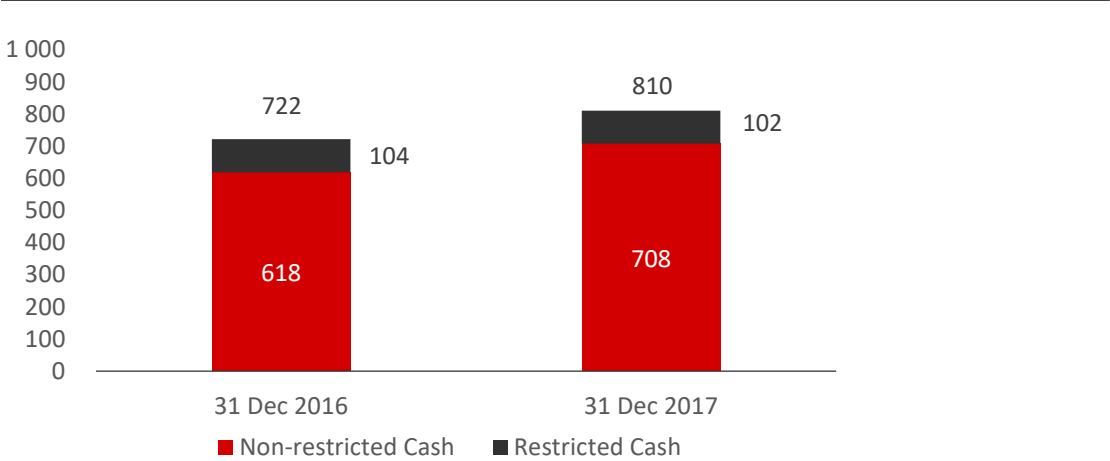
Net cash (NOK million)¹



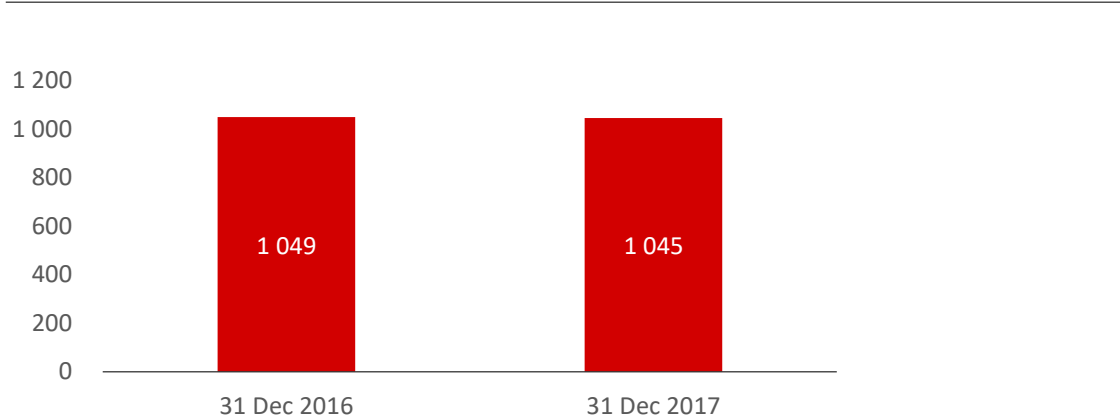
Construction loans (NOK million)



Cash and cash equivalents (NOK million)



Loans and borrowings, non-current (NOK million)



Balance sheet

(NOK million)	As at:	
	31 December 2017	31 December 2016
Non-current assets	4 175	3 892
Cash and cash equivalents	810	722
Other current assets	9 939	8 904
Total assets	14 924	13 518
Total equity	2 093	2 295
Loans and borrowings, non-current	1 045	1 049
Other non-current liabilities	1 175	819
Construction loans	5 652	5 248
Other current liabilities	4 959	4 107
Total liabilities	12 831	11 223
Total equity and liabilities	14 924	13 518

Cash flow statement

(NOK million)	4Q ended 31 December		FY ended 31 December	
	2017	2016	2017	2016
Cash flows from / (used in) operating activities	27	617	(31)	764
Cash flows from / (used in) investing activities	(77)	(151)	(339)	(311)
Cash flows from / (used in) financing activities	(28)	(288)	467	(587)
Net change in cash and cash equivalents	(78)	178	97	(134)
Effects of currency translation differences on cash and cash equivalents	6	19	(7)	32
Cash and cash equivalents excluding restricted cash at the beginning of the financial period	780	421	618	720
Restricted cash at the end of the financial period	102	104	102	104
Cash and cash equivalents at the end of the financial period	810	722	810	722

Earnings per share

	4Q ended 31 December		FY ended 31 December	
	2017	2016	2017	2016
Earnings for the period (NOK million)	(131)	(67)	(233)	(163)
Earnings for the period (SGD million)	(21)	(11)	(38)	(27)
Weighted average number of shares (million)	1 180	1 180	1 180	1 180
Earnings per share (NOK)	(0.11)	(0.06)	(0.20)	(0.14)
Earnings per share (SGD cents)	(1.78)	(0.93)	(3.22)	(2.29)
Exchange rates (SGD/NOK)	6.141	5.965	6.141	5.965

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

Net assets value per share

	As at:	
	31 December 2017	31 December 2016
Net assets value at the end of the period (NOK million)	2 068	2 265
Net assets value at the end of the period (SGD million)	337	380
Number of shares (million)	1 180	1 180
Net assets value per ordinary share (NOK)	1.75	1.92
Net assets value per ordinary share (SGD)	0.29	0.32
Exchange rate (SGD/NOK)	6.141	5.965

Note: Net assets value for the Group per ordinary share based on issued share capital of the issuer
 SGD amounts are translated from NOK based on the exchange rates prevailing at the reporting dates.

4Q 2017

Outlook

Outlook

- VARD well positioned in a growing expedition cruise market
- Strengthening market position in fisheries and aquaculture through valuable cooperations with clients
- Positive signs of recovery in medium to long term in the broader oil & gas industry
- Risks inherent in remaining offshore project portfolio; postponed delivery of some projects amid ongoing financial restructurings of clients in the offshore segment
- The difficult political and economic context and complex regulatory environment in Brazil, still represents a challenge to the Brazilian operation
- With its SeaQ Energy Storage System, Vard Electro is establishing a solid position within hybrid battery solutions
- Negotiations continuing with the Norwegian Government for three Coast Guard vessels



4Q 2017

Q&A