For Immediate Release

VARD REGISTERS HIGHER EBITDA MARGINS; SUSTAINS HEADWAY INTO NEW MARKET SEGMENTS

- *Year-on-year improvement of 2.3 percentage points in EBITDA margin to 2.8% in 2Q 2017*
- *2Q 2017 revenue remains flat from 2Q 2016, and up 20% from 1Q 2017*
- *New order intake of NOK 1.60 billion and successful delivery of one offshore vessel in 2Q 2017*
- *44 vessels in the order book as at 30 June 2017*

Singapore, 25 July 2017 – Vard Holdings Limited ("VARD", and together with its subsidiaries, the "Group"), one of the major global designers and shipbuilders of specialized vessels, today announced its financial results for the second quarter and first half-year ended 30 June 2017 ("2Q 2017" and "1H 2017" respectively).

VARD registered a revenue of NOK 2.13 billion in 2Q 2017, largely unchanged from the previous corresponding quarter ("2Q 2016"), and up 20% from the preceding quarter ended 31 March 2017. VARD's overall revenue was affected by softer activity at the Norwegian yards and the cessation of operations in Vard Niterói, as it declined to NOK 3.91 billion in 1H 2017, from NOK 4.24 billion in the previous corresponding half-year ("1H 2016").

EBITDA before restructuring cost climbed to NOK 60 million and NOK 100 million in 2Q 2017 and 1H 2017, from NOK 11 million and NOK 68 million for 2Q 2017 and 1H 2017 respectively. Correspondingly, EBITDA margins increased by 2.3 percentage points to 2.8% in 2Q 2017 from 0.5% in 2Q 2016, and 1.0 percentage point to 2.6% in 1H 2017 from 1.6% in 1H 2016.

The Group recognized restructuring costs of NOK 4 million in 2Q 2017, and NOK 10 million in 1H 2017, down from NOK 38 million in 2Q 2016 and NOK 49 million in 1H 2016. Depreciation and amortization costs for 2Q 2017 and 1H 2017 were slightly higher compared to 2Q 2016 and 1H 2017 due to the gradual completion of ongoing investments. With these costs incurred, the Group recorded operating losses of NOK 4 million in 2Q 2017 and NOK 23 million in 1H 2017. This marks a significant reduction from the operating losses of NOK 78 million and NOK 83 million recorded in 2Q 2016 and 1H 2016 respectively.

Due mainly to foreign exchange losses, the Group realized net financial items of negative NOK 49 million and NOK 53 million for 2Q 2017 and 1H 2017 respectively. Due to losses in associated ship-owning entities, which reflect the downturn in the offshore market, VARD's share of results of associates was negative NOK 17 million for 1H 2017.

As a result, VARD recorded losses of NOK 69 million and NOK 96 million for 2Q 2017 and 1H 2017 respectively. This is compared to losses of NOK 67 million and NOK 24 million incurred in 2Q 2016 and 1H 2016 respectively.

Cash flows from operating activities were NOK 172 million negative in 2Q 2017 but NOK 71 million positive for 1H 2017 in total. Cash flows used in investing activities amounted to NOK 86 million in 2Q 2017 and NOK 179 million in 1H 2017, mainly driven by investments in property, plant and equipment related to the expansion of facilities at Vard Tulcea. Cash and cash equivalents as at 30 June 2017 amounted to NOK 694 million.

In 2Q 2017, one Offshore Subsea Construction Vessel (OSCV) was delivered to DOF Subsea. VARD's order intake was NOK 1.60 billion in 2Q 2017, with two new contracts secured for the design and construction of a Research Expedition Vessel (REV) and a live fish transportation vessel. As at 30 June 2017, VARD had 44 vessels in its order book, of which 37, or 84%, will be of VARD's own designs. VARD's order book value as at 30 June 2017 stood at NOK 12.88 billion, surpassing its 31 December 2016 order book value of NOK 12.65 billion.

Sustained headway into new market segments in Norway

While yard utilization in Norway remains low and variable, VARD is gearing towards mobilizing resources and strengthening its cooperation with Fincantieri in certain areas of expertise. Vard Søviknes and Vard Langsten are advancing preparations for the first cruise vessel projects, and the design and procurement phases for these projects are either completed or progressing in a timely manner. Vard Brattvaag was designated as the outfitting yard for two major projects contracted in 1H 2017 – the krill fishing vessel for Aker BioMarine and the REV for Rosellinis Four-10.

Solidifying its foothold in the aquaculture market, Vard Aukra has received its first contract for a Live Fish Transportation Vessel. Vard Brevik continues to pursue new business opportunities, several of which are related to Liquefied Natural Gas (LNG) technology.

Higher workload for Romanian shipyards

During the quarter, VARD's two Romanian shipyards experienced very high workloads, on the back of ongoing work for the cruise projects for PONANT and Hapag-Lloyd Cruises, and the Module Carrier Vessel (MCV) projects for Topaz Energy and Marine, and Kazmortransflot. These projects are advancing well. Work on two cruise vessel sections for Fincantieri is scheduled to be completed in the third and fourth quarter of 2017, and the construction of two more sections is expected to commence in the second half of the year.

Following the latest installation and testing of the new gantry crane at Vard Tulcea, VARD is close to completing a phase of investments at the yard, thereby growing its throughput and capabilities. In addition, VARD is undertaking a challenging hiring plan for workers and subcontractors, including the hiring of local and expatriate workers.

Steady progress in Vietnam and Brazil, and notable milestones in Equipment and Solutions businesses

Operations at Vard Vung Tau in Vietnam remains stable, amidst healthy progress on the MCV projects, with the first MCV completed during 2Q 2017, and successfully delivered since.

Having acquired the remaining 4.85% of shares in Vard Promar, the Group now holds full control of its operations in Brazil. The shipyard is progressing on four projects under construction, with the fifth Liquefied Petroleum Gas (LPG) carrier for Transpetro in the final phase of testing and commissioning, in preparation of delivery in 3Q 2017.

VARD's Equipment and Solutions businesses achieved several significant milestones in 2Q 2017. In particular, Vard Electro's new bridge solution, SeaQ Bridge, was installed and successfully tested on a vessel for the first time. Vard Electro also secured a contract for the installation of battery packages for five hybrid gas-electric ferries for Torghatten Nord, two of which will be built by VARD. In addition, Vard Electro will provide the SeaQ energy storage system for the hybridization of a Solstad Farstad-owned Platform Supply Vessel (PSV), delivered by VARD in 2014. VARD's subsidiary Seaonics was selected to provide a comprehensive research equipment package for the REV contracted during 2Q 2017.

Relentless focus on diversification of product portfolio

Efforts to diversify VARD's suite of product offerings remain ongoing, as the Group looks to leverage its innovative culture and extensive experience in highly specialized vessels to bolster its order book. This strategy is further underpinned by the management's focus on mitigating risks still inherent in the offshore project portfolio.

Although a Letter of Intent for an exploration cruise vessel signed in January 2017 expired without resulting in a firm contract, there are still unrealized opportunities for VARD in this segment. The fisheries and aquaculture markets also continue to see high activity, despite strong competition.

Moving forward, the Group faces the challenge of managing varying degrees of workload across the different yards. With a high utilization rate in Romania, low and variable workload in Norway, and in view of a decreasing workload in Brazil, VARD continues to seek new opportunities to utilize its innovation power and global shipbuilding capacities.

Roy Reite, Chief Executive Officer and Executive Director of VARD, commented, "VARD's business transition continues to progress amidst challenging market conditions. VARD has adopted a two-pronged approach in sustaining its efficiency by fostering and exploring new opportunities in diverse markets, whilst internally working towards stabilizing workloads across the different shipyards. With long-standing experience in the design and construction of highly specialized vessels, VARD is well placed to tap on unrealized opportunities in various new market segments."

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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 specialized vessels. Headquartered in Norway and with 9,000 employees, VARD operates nine strategically located shipbuilding facilities, including five in Norway, two in Romania, one 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 and track record in constructing complex and highly customized 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 78.03% 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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