For Immediate Release

VARD TACKLES INDUSTRY DOWNTURN WITH COST CUTTING AND DIVERSIFICATION

- *Successful delivery of two vessels from yards in Brazil and Norway, with four new contracts secured during the quarter*
- *Negative EBITDA margin due to loss provisions for additional cost overruns and delays in Brazil, while other operations are EBITDA positive*
- *Strategy overhaul and new business plan under development to address dual challenge of cyclical downturn in core offshore market, and turn-around in Brazil*

Singapore, 11 November 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 third quarter ended 30 September 2015 ("3Q2015"), and nine months ended 30 September 2015 ("9M2015").

Order book development picks up in 3Q2015; new business opportunities in non-offshore specialized vessels

During 3Q2015, order book development picked up from the previous period ("2Q2015"), with four new vessel contracts secured by the Group. New order intake, including variation orders, equipment sales, as well as repair and conversion works, grew from NOK 956 million to NOK 1,436 million quarter-on-quarter. This brings VARD's total order book value to NOK 14.01 billion as at 30 September 2015 – stable compared to 2Q2015 but a 30% decrease from the same period a year back ("3Q2014"). Currently, VARD has an order book of 31 vessels, of which 18, or 58%, will be of its own design.

VARD is increasingly active in regions outside its traditional North Sea home market, as evidenced by two contracts secured during the quarter from Dubai-based Topaz Energy and Marine, and in non-offshore related specialized vessels segments, as demonstrated by two orders for advanced fishing vessels for Canadian and Norwegian clients. VARD has also launched a new vessel design series targeted at the fisheries and aquaculture market.

Lower utilisation and cost overruns in Brazil weigh on financials

VARD continues to face the dual challenge of dealing with slowing activity at its European yards on the back of continued weakness in the offshore market, and operational issues at its Brazilian facilities

VARD's top line came in at NOK 2.27 billion in 3Q2015, representing a 19% decline from 3Q2014, whereas 9M2015 revenues came in at NOK 7.82 billion, down 7% from the corresponding period a year back ("9M2014"). This was mainly due to reduced utilisation at the European shipyards amid a prolonged industry down-cycle.

EBITDA before restructuring cost fell into negative territory with a loss of NOK 467 million for 3Q2015, compared to a positive NOK 46 million in the preceding quarter. Cumulatively, EBITDA before restructuring cost came in at NOK 356 million negative for 9M2015, versus a positive NOK 309 million a year ago. Restructuring costs of NOK 36 million were recognized during the quarter reflecting termination benefits and statutory payments pertaining to temporary layoffs at several of VARD's yards.

The Group's results were weighed down by new cost overruns and delays at the Brazilian shipyards, where additional loss provisions were required to account for unsatisfactory progress. In particular, the scope and complexity of the series of LPG carriers under construction at Vard Promar exceeds original assumptions, while the efficiency and operational stability at the new yard is still lower than anticipated.

For the consolidated Group, VARD recorded a net loss of NOK 845 million and NOK 1.1 billion for 3Q2015 and 9M2015, against a loss of NOK 160 million and profit of NOK 30 million in the corresponding periods the year before respectively. Loss attributable to equity holders of the parent also came in lower at NOK 486 million, as compared to a loss of NOK 37 million in 3Q2014. This reflects a large share of the Group's losses stemming from its 50.5% held subsidiary, Vard Promar.

Over the first nine months of the year, cash holdings declined from NOK 2.0 billion to NOK 906 million as at 30 September 2015 on the back of capital-intensive projects that require a significant amount of working capital, and the cash impact of losses in Brazil. Still cash holdings remained stable in the third quarter compared to the balance of 904 million at the end of 2Q2015.

Retention of key resources in focus during downsizing and cost cutting process

Activity levels at VARD's shipyards in Romania and Norway continue to decline on the back of a shortfall of sizeable new orders, and postponement of deliveries in the current order book. One vessel was delivered in 3Q2015, bringing total vessel deliveries in Europe to seven year-to-date.

To mitigate the effects of slowing yard utilisation, the Group continues to explore cost reduction and efficiency improvement programs across all entities. In Vard Tulcea, the larger of the Group's two shipyards in Romania, a formal restructuring process is ongoing. With the management focus on protecting core competencies, technologies and relationships in the downsizing process, a substantial number of engineering resources have been subcontracted to VARD's parent group Fincantieri in order to retain highly skilled staff in the organization. Vard Tulcea has also delivered first steel sections to Fincantieri cruise shipbuilding projects, and opportunities are being evaluated how the yard can carry out a larger share of such projects, utilizing its capacity and expertise in engineering and construction. In Norway, temporary layoffs are used to buffer some of the effects of underutilization at the yards. Organizational changes made in areas such as basic engineering and procurement are beginning to yield results.

Operations and yard utilisation at the Vietnam shipyard, Vard Vung Tau, remain robust, with the delivery of two vessels to external customers during the first nine months of 2015. In addition, the first of two vessels with contracts terminated in 1Q2015 was delivered to Group subsidiary, Vard Shipholding Singapore Pte. Ltd., in September. The vessel, which continues to be actively marketed for sale, has since departed on a four-month charter in Australia, with an additional extension option of another four months. Meanwhile, construction of the second vessel continues at the yard.

In Brazil, downsizing at Vard Niterói continues in line with a declining workload. After the successful delivery in July of the first LPG carrier from the order book of Vard Promar, completed at Niterói, only one Anchor Handling Tug Supply ("AHTS") vessel remains in the yard's order book, alongside outfitting work on a second LPG carrier. At Vard Promar, the estimated completion dates for the entire series of LPG vessels for Transpetro have been postponed. Visibility and predictability are negatively impacted by the overall economic and political climate in Brazil, and a challenging client relationship. Additional resources from Europe have been transferred to Brazil to support operational improvement at Vard Promar.

More diversification and synergies with Fincantieri targeted; Brazil under review

VARD is facing the dual challenge of a severe cyclical downturn in its core market, and managing the turn-around of its Brazilian operations. Work has been initiated on a comprehensive strategy overhaul and the development of a new business plan, to address these challenges. Diversification of the production is likely to be a key element of the future strategy in order to reduce dependency on the cyclical oil and gas business. Synergies with the Fincantieri parent group are also expected to play a major role in the development of the VARD portfolio going forward. At the same time, in light of the difficult operating conditions and insufficient performance of the Group's shipyards there, its exposure to the Brazilian market is under review.

Roy Reite, Chief Executive Officer and Executive Director of VARD, commented, "We will continue to pursue cost improvement initiatives and organizational changes to streamline our business, and make the Company competitive to seize new business opportunities. Our recent efforts to broaden our vessel offerings have been encouraging, and we will accelerate these efforts in the coming months, also looking at completely new business areas. VARD has a strong set of core competencies, technologies and relationships that allow us to look beyond the current industry downturn."

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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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