

built on trust™



VARO™

a Fincantieri company

Disclaimer

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



3Q 2015 Results Presentation

Vard Holdings Limited

11 November 2015

3Q 2015 key messages

- **Revenue** of NOK 2 271 million, down from NOK 2 809 million in 3Q 2014
- **EBITDA** (before restructuring cost) of NOK -467 million, down from NOK -51 million in 3Q 2014
- **EBITDA margin** (EBITDA before restructuring cost to total operating revenues) of -20.6% (3Q 2014: -1.8 %)
- **Order intake** of NOK 1 436 million; four new vessel contracts secured
- 31 vessels in the **order book** as at 30 September 2015, of which 18 are VARD designs
- **Additional loss provisions** made for cost overruns and delays in Brazil; other operations EBITDA positive
- VARD facing the **dual challenge** of a severe cyclical downturn in its core market and managing the turn-around in Brazil
- **Strategy overhaul** and **new business plan** to be announced together with FY2015 results



3Q 2015

Business update

Vessel deliveries

Two vessels delivered in 3Q 2015

Oscar Niemeyer

from Vard Promar (Brazil) to Transpetro



Design: WBDC | 7000 m³ LPG Carrier

Far Sentinel

from Vard Langsten (Norway) to Farstad



Design: VARD 3 07 | Offshore Subsea Construction Vessel

New contracts

Four new contracts secured in 3Q 2015

1 Stern trawler
for a new Canadian client



Design: Rolls-Royce NVC 374 | Delivery: 4Q 2016
Contract value: NOK 350 million

1 Coastal fishing vessel
for Breivik AS



Design: Seacon SC34 | Delivery: 3Q 2016
Contract value: NOK 60 million

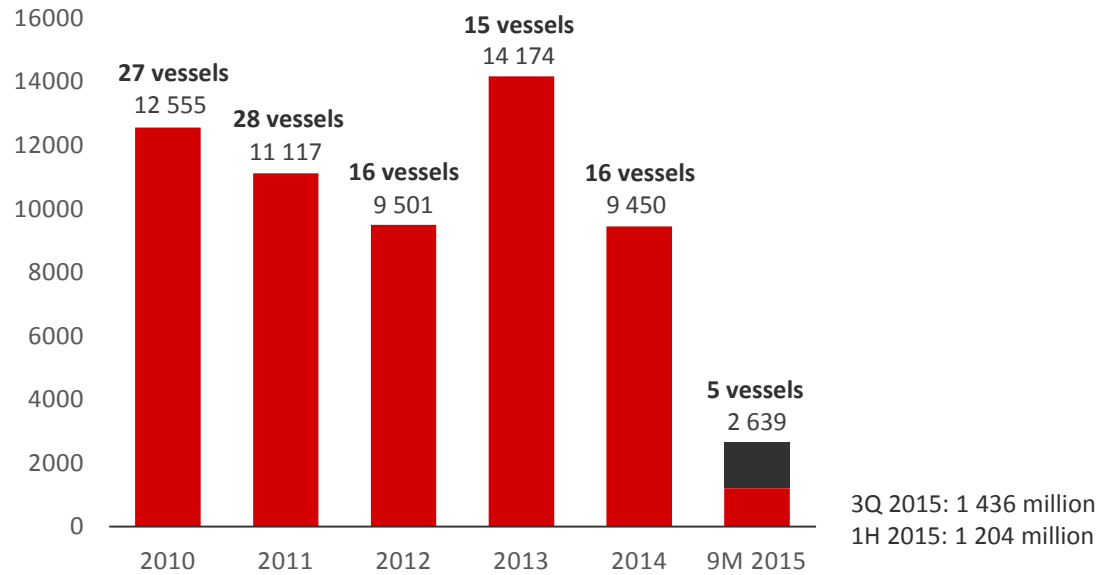
2 Light construction vessels
for Topaz Energy and Marine



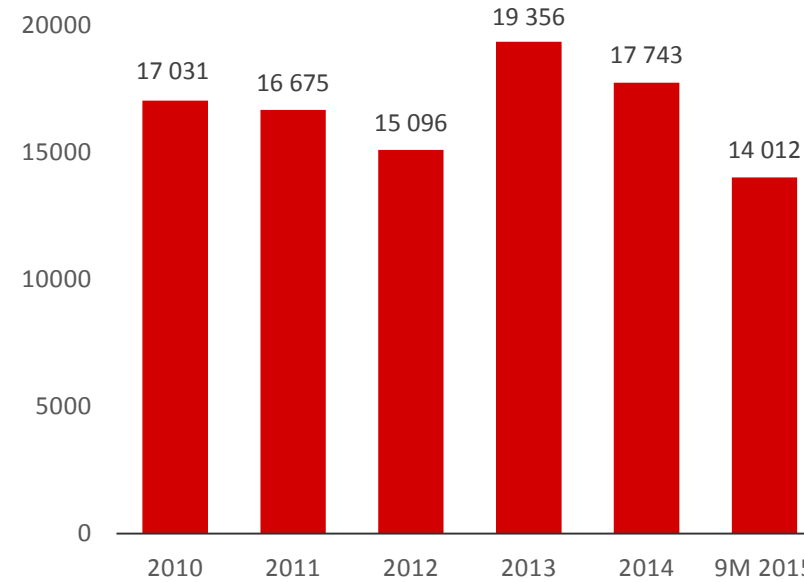
Design: VARD 3 08 | Delivery: 3Q/4Q 2017
Contract value (combined): > USD 100 million

Order book development

New order intake during the period (NOK million)



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

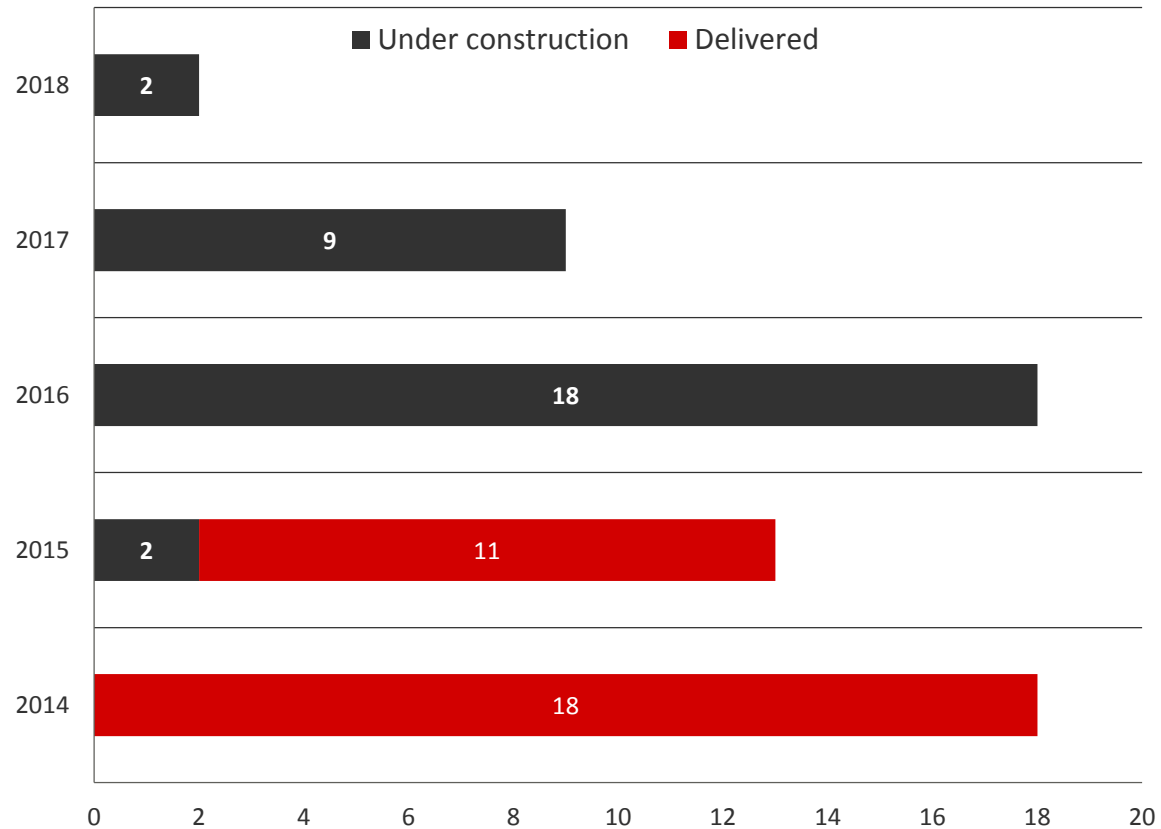


As at 30 September 2015, the Group had 31 vessels in the order book, 18 of which will be of VARD's own design.

Note: Includes firm orders only. Includes variation orders, repair and conversion, and equipment sales

Order book status

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



Type	Norway/Romania	Brazil	Vietnam	Total
AHTS				2
PSV				
OSCV				
Other		2		
AHTS	1			9
PSV				
OSCV	4	2		
Other		2		
AHTS	1	1		18
PSV	5		1	
OSCV	5		1	
Other	2	2		
AHTS		1		2+11
PSV	2		1+2	
OSCV	3			
Other	2	1+1		
AHTS	2	1		18
PSV	5	1	1	
OSCV	5			
Other	3			

Order book by region and vessel type

By region

Region	Order book 30 Jun 2015	Deliveries 3Q 2015	Order intake 3Q 2015	Order book 30 Sep 2015
Norway / Romania	15	1	4	18
Brazil	11	1	-	10
Vietnam	3	-	-	3
Total	29	2	4	31

By vessel type

Vessel type	Order book 30 Jun 2015	Deliveries 3Q 2015	Order intake 3Q 2015	Order book 30 Sep 2015
AHTS	3	-	-	3
PSV	7	-	-	7
OSCV	11	1	2	12
Other	8	1	2	9
Total	29	2	4	31

Market

- Core market for offshore support vessels continues to be weak, especially for PSVs and AHTS in the North Sea; many vessels laid up and newbuild projects being delayed
- Project opportunities in the offshore industry mostly related to light construction vessels, and in other geographies
- VARD increasingly active in regions outside its traditional home market
- Other specialized vessels segments expected to make up for some of the shortfall in new offshore orders, but market is fragmented and highly competitive
- Fisheries and aquaculture market one potential growth area; new vessel design series launched targeting this segment



Supply vessels at Bergen harbor | Photo: Gerhard Flaaten / maritime.no

Operations – Norway

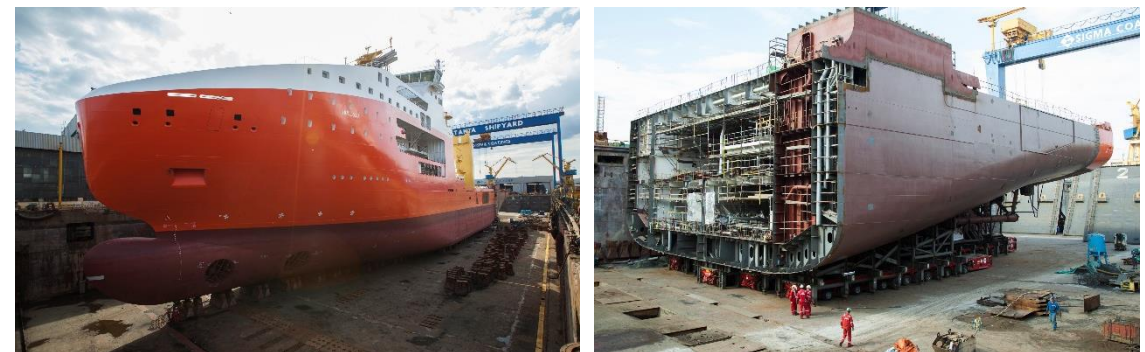
- One vessel delivered during 3Q 2015
- Cost reduction program ongoing, targeting direct and indirect cost savings in all entities
- Organizational changes in basic engineering and procurement area beginning to yield results
- Work load at the shipyards varying from yard to yard, and decreasing
- Temporary layoffs used to buffer the effects of underutilization



DSV for Harkand undergoing outfitting at Vard Søviknes

Operations – Romania

- Activity level declining following completion of several large projects
- Cost reduction and efficiency improvement program continues
- Strong focus on minimizing cost related to lower capacity utilization
- Reduction in workforce progressing in line with reduced workload
- Formal restructuring process underway at Vard Tulcea, the larger of the two Romanian yards
- Engineering resources subcontracted to parent group Fincantieri in order to retain highly skilled staff in the organization
- First successful delivery of steel sections to Fincantieri cruise projects



OSCV for Solstad during hull construction in Romania

Operations – Vietnam

- Stable operations and workforce
- Yard utilization still good
- Skandi Responder, first of two vessels with contracts terminated in 1Q 2015, delivered to Group company Vard Shipholding Singapore and chartered to DOF in Australia; vessel still being actively marketed for sale
- Construction of second vessel continues with modifications in scope to increase flexibility in the market



PSV Skandi Responder, delivered from Vard Vung Tau and chartered to DOF

Operations – Brazil (Vard Niterói)

- Oscar Niemeyer, first LPG carrier from Vard Promar order book, completed and successfully delivered to Transpetro
- Decreasing workload; one AHTS remaining in the order book, and outfitting work for second LPG carrier
- Workforce being reduced in line with progress of construction
- Additional cost overruns and delays related to the last AHTS
- Both remaining vessels now expected to be delivered in 1H 2016



Oscar Niemeyer | AHTS for DOF and LPG carrier for Transpetro quayside at Vard Niterói

Operations – Brazil (Vard Promar)

- Progress on LPG carriers not satisfactory; scope and complexity exceeding original assumptions
- New cost overruns and delays; additional loss provisions made
- Visibility and predictability are negatively impacted by the overall economic and political environment in Brazil; client relationship challenging
- Estimated completion dates for the entire LPG vessel series postponed
- Revised building schedule foresees delivery of one LPG carrier at the end of 2015, one in 2016 and two each in 2017 and 2018; subject to agreement with Transpetro
- Efficiency and operational stability at the yard still lower than anticipated
- Additional resources transferred from Europe to support the operations at Vard Promar



Areal view of the yard | Erection area | Goliath crane

Strategic overhaul and new business plan under development

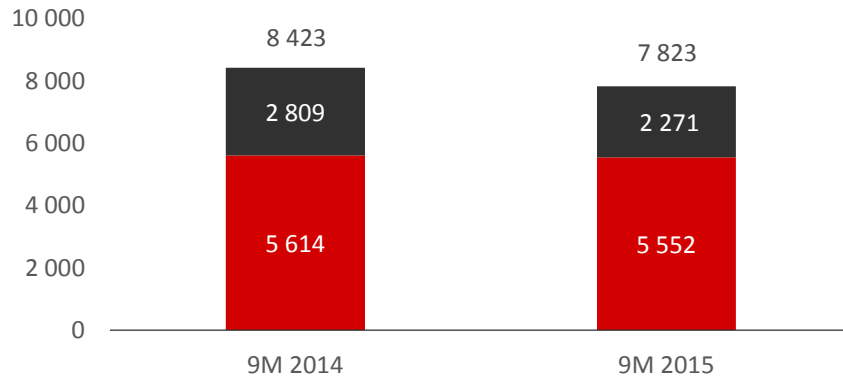
- VARD is facing the dual challenge of a severe cyclical downturn in its core market, and managing the turn-around in Brazil
- Work has been initiated on a comprehensive strategy overhaul and development of a business plan addressing these challenges
- Diversification of the production is likely to be a key element of the future strategy in order to reduce dependency on cyclical oil and gas business
- Synergies with Fincantieri parent group are expected to play a major role in the future development of the VARD portfolio
- Following the successful delivery of steel sections to Fincantieri, opportunities are being evaluated how Vard Tulcea can carry out a larger share of cruise shipbuilding projects, utilizing capacity and expertise in engineering and construction
- Exposure to Brazil under review; structural changes possible if institutional framework, operating performance and financial results continue to be inadequate
- Cornerstones of the new business plan to be announced together with FY2015 results

3Q 2015

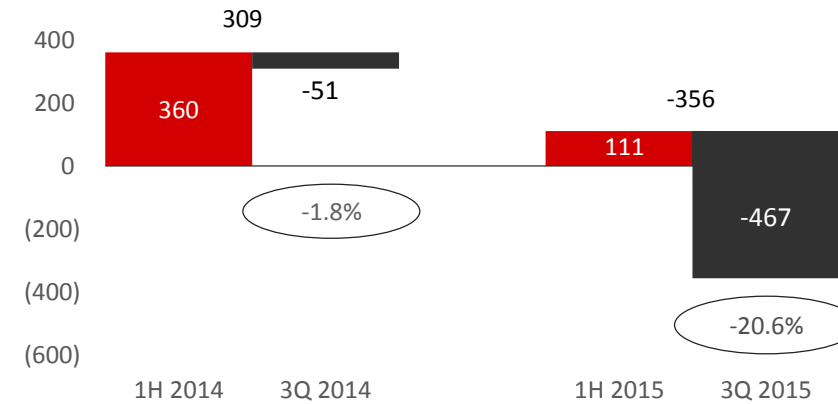
Key financials

Revenues, EBITDA and net income

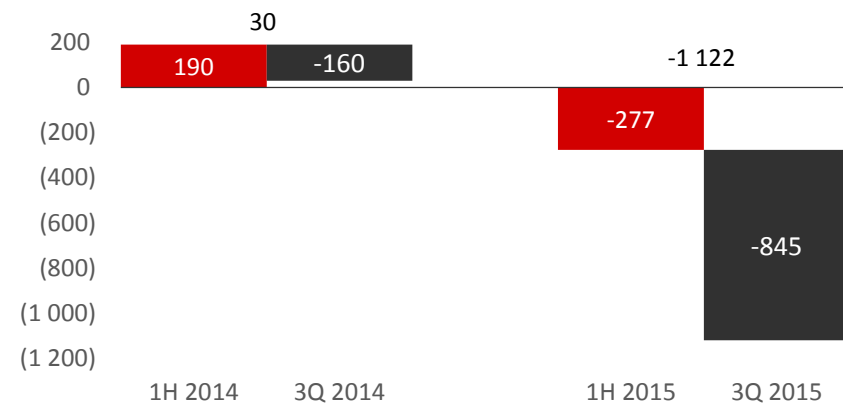
Revenues (NOK million)



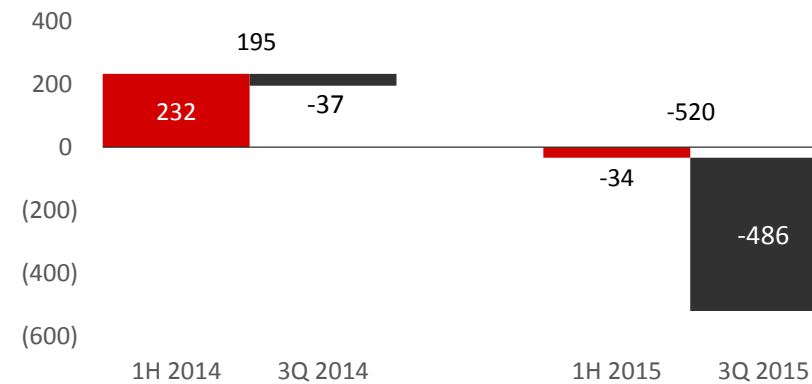
EBITDA (NOK million)



Profit (loss) for the period (NOK million)



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

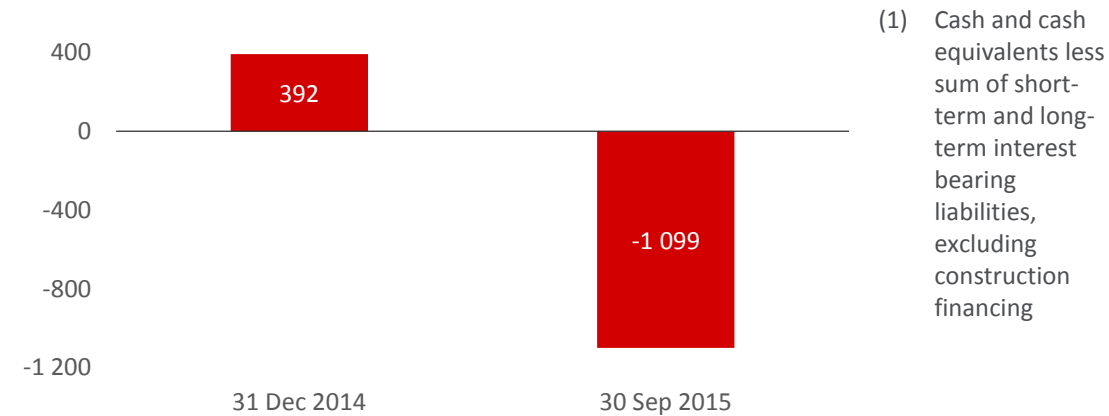


Income statement

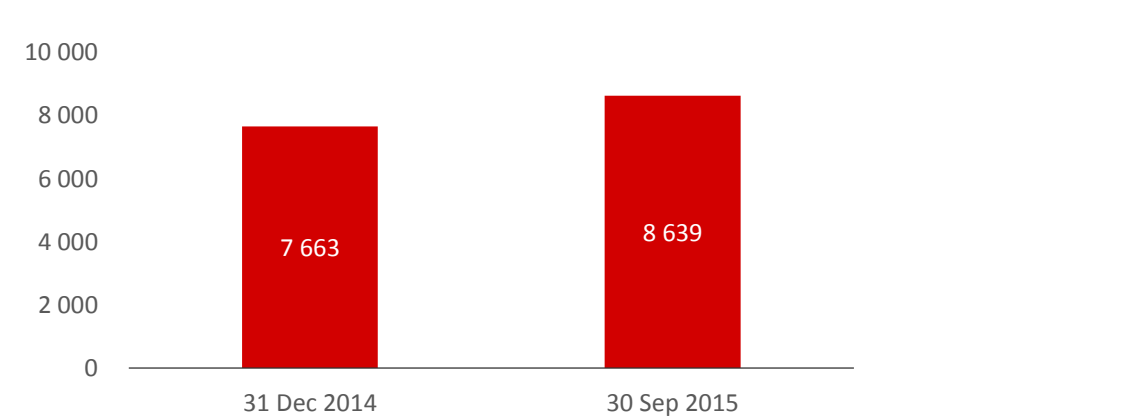
(NOK million)	3Q ended 30 September		9M ended 30 September	
	2015	2014	2015	2014
Revenue	2 271	2 809	7 823	8 423
EBITDA before restructuring cost	(467)	(51)	(356)	309
EBITDA margin (%)	-20.6%	-1.8%	-4.6%	3.7%
Restructuring cost	(36)	-	(56)	-
Depreciation, impairment and amortization	(51)	(57)	(154)	(154)
Operating profit (loss)	(554)	(108)	(566)	155
Net financial income / (cost)	(258)	(56)	(479)	(52)
Profit (loss) before tax	(812)	(154)	(1 041)	120
Profit (loss) for the period	(845)	(160)	(1 122)	30
Non-controlling interest	(359)	(123)	(602)	(165)
Profit (loss) attributable to equity holders of the Company	(486)	(37)	(520)	195

Cash and cash equivalents, and loans and borrowings

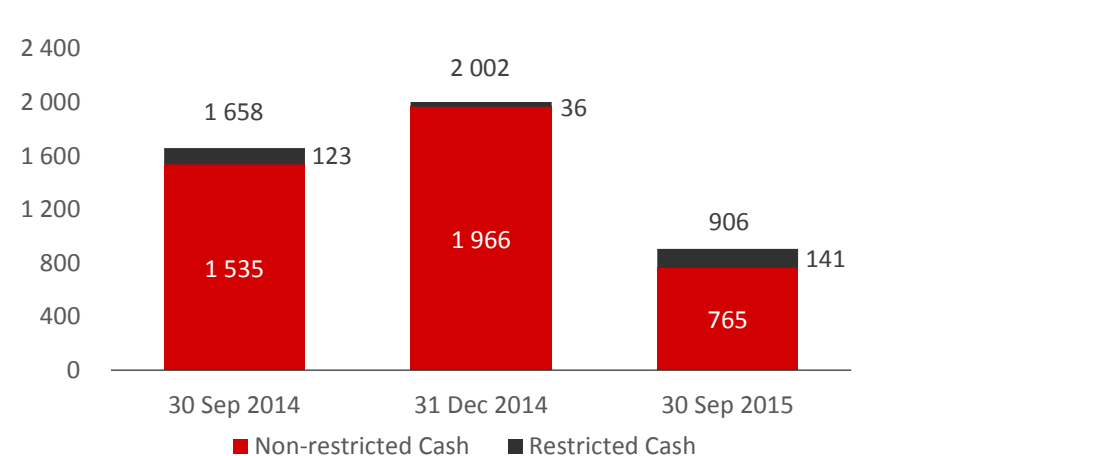
Net cash (NOK million)¹



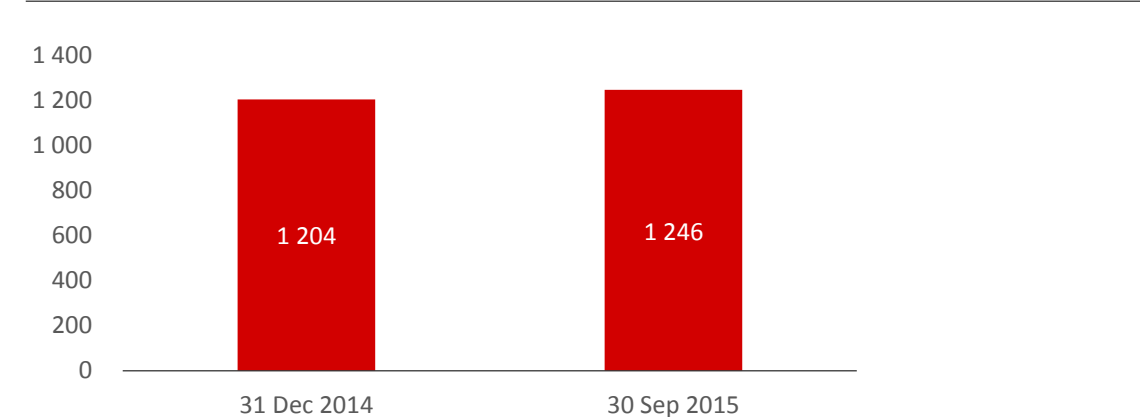
Construction loans (NOK million)



Cash and cash equivalents (NOK million)



Loans and borrowings, non-current (NOK million)



Balance sheet

(NOK million)	As at:	
	30 September 2015	31 December 2014
Non-current assets	3 709	3 786
Cash and cash equivalents	906	2 002
Other current assets	14 581	13 661
Total assets	19 196	19 449
Total equity	3 232	3 864
Loans and borrowings, non-current	1 246	1 204
Other non-current liabilities	244	248
Construction loans	8 639	7 663
Other current liabilities	5 835	6 470
Total liabilities	15 964	15 585
Total equity and liabilities	19 196	19 449

Cash flow statement

(NOK million)	3Q ended 30 September		9M ended 30 September	
	2015	2014	2015	2014
Cash flows from / (used in) operating activities	(96)	126	(1 133)	314
Cash flows from / (used in) investing activities	(72)	(299)	(245)	(455)
Cash flows from / (used in) financing activities	200	11	227	(6)
Net change in cash and cash equivalents	32	(162)	(1 151)	(147)
Effects of currency translation differences	(62)	23	(50)	19
Cash and cash equivalents excluding restricted cash at the beginning of the financial period	795	1 674	1 966	1 663
Restricted cash at the end of the financial period	141	123	141	123
Cash and cash equivalents at the end of the financial period	906	1 658	906	1 658

Earnings per share

	3Q ended 30 September		9M ended 30 September	
	2015	2014	2015	2014
Earnings for the period (NOK million)	(486)	(37)	(520)	195
Earnings for the period (SGD million)	(81)	(7)	(87)	39
Weighted average number of shares (million)	1 180	1 180	1 180	1 180
Earnings per share (NOK)	(0.41)	(0.03)	(0.44)	0.17
Earnings per share (SGD cents)	(6.86)	(0.59)	(7.37)	3.31
Exchange rates (SGD/NOK)	5.982	5.055	5.982	5.055

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:	
	30 September 2015	31 December 2014
Net assets value at the end of the period (NOK million)	3 939	4 132
Net assets value at the end of the period (SGD million)	658	735
Number of shares (million)	1 180	1 180
Net assets value per ordinary share (NOK)	3.34	3.50
Net assets value per ordinary share (SGD)	0.56	0.62
Exchange rate (SGD/NOK)	5.982	5.622

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.

3Q 2015
Outlook

Outlook

- VARD is facing the dual challenge of a severe cyclical downturn in its core market, and managing the turn-around in Brazil
- Downsizing and adjustment of the organization required to meet the challenges of the market in the short term
- Management focus on protecting core competencies, technologies and relationships, and making the Company competitive to seize new market opportunities
- Comprehensive strategy overhaul initiated to evaluate new business opportunities, including diversification and synergies with Fincantieri in the cruise market
- Brazil exposure under review
- New business plan to be announced together with FY2015 results



VARD 8 50 | Live Fish Transportation Vessel



3Q 2015

Q&A