

For Immediate Release

VARD RECORDS IMPROVED RESULTS YEAR-ON-YEAR AMID VARYING WORKLOAD ACROSS YARDS

- *Revenue rose 33% year-on-year to NOK 2.01 billion for 3Q 2017*
- *EBITDA before restructuring cost of NOK 55 million, up from NOK 33 million in 3Q 2016*
- *New order intake of NOK 1.01 billion, including one expedition cruise vessel*
- *Successful delivery of four Module Carrier Vessels achieved during the quarter*
- *Workload continues to vary greatly from yard to yard*

Singapore, 10 November 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 third quarter and nine months ended 30 September 2017 (“3Q 2017” and “9M 2017” respectively).

VARD recorded a revenue of NOK 2.01 billion in 3Q 2017, up 33% from NOK 1.50 billion in the previous corresponding period (“3Q 2016”). The increased revenue was backed by high activity levels at the yards in Romania and Vietnam, due to rapid progress that was made on the Module Carrier Vessels (“MCV”) projects for Topaz Energy and Marine, and Kazmortransflot, as well as the ongoing construction on all six expedition cruise vessels contracted in 2016. Revenue for 9M 2017 of NOK 5.91 billion was in line with that of the previous corresponding nine months (“9M 2016”).

EBITDA before restructuring cost for the quarter increased 67% to NOK 55 million, from NOK 33 million in 3Q 2016. For 9M 2017, EBITDA before restructuring cost rose 53% to NOK 155 million, compared to NOK 101 million in 9M 2016. Correspondingly, the EBITDA margin registered for 3Q 2017 and 9M 2017 was 2.7% and 2.6% respectively, up from 2.2% and 1.8% for 3Q 2016 and 9M 2016 respectively.

Factoring in reduced restructuring cost of NOK 11 million and stable depreciation, impairment and amortization of NOK 53 million in 3Q 2017, VARD recorded operating losses of NOK 9 million in 3Q 2017 and NOK 32 million in 9M 2017, marking significant improvements from operating losses of NOK 45 million in 3Q 2016 and NOK 128 million in 9M 2016.

Primarily due to foreign exchange gains, the Group recorded a reversal in net financial items, from negative NOK 29 million in 3Q 2016, to positive NOK 16 million in 3Q 2017. However, the Group realized net financial items of negative NOK 37 million in 9M 2017, down from positive NOK 44 million in 9M 2016, mainly as a result of foreign exchange losses. Additionally, due to losses in associated ship-owning entities, which reflect the present downturn in the offshore market, VARD’s share of results of associates declined to negative NOK 16 million and negative NOK 33 million for 3Q 2017 and 9M 2017 respectively.

Consequently, VARD reported net losses of NOK 9 million in 3Q 2017 which represents a substantial improvement of 91% from its net loss position of NOK 104 million in 3Q 2016. The Group recorded a net loss of NOK 105 million in 9M 2017 compared with a net loss of NOK 128 million in 9M 2016.

For 3Q 2017, cash flows used in operating activities were NOK 129 million, a decline from NOK 221 million used in 3Q 2016. However, for 9M 2017, cash flows used in operating activities were NOK 58 million, as compared to cash flows generated from operating activities of NOK 144 million in 9M 2016. Cash flows used for investing activities increased to NOK 83 million in 3Q 2017 and NOK 262 million in 9M 2017, mainly due to investments in property, plant and equipment relating to the expansion of facilities at Vard Tulcea to support the diversification of production to new market segments. For 3Q 2017 and 9M 2017, the Group recorded positive cash flows from financing activities of NOK 409 million and NOK 495 million, respectively, due to proceeds from new non-current loans of NOK 187 million obtained during the quarter. VARD's cash position as at 30 September 2017 amounted to NOK 857 million. In comparison, cash and cash equivalents was NOK 525 million as at 30 September 2016.

Order book remains resilient

In 3Q 2017, VARD recorded an order intake of NOK 1.01 billion, including one expedition cruise vessel to be built in Vietnam for Coral Expeditions of Australia. As at 30 September 2017, the Group had 41 vessels in its order book, of which 34 are VARD designs, and the order book value amounted to NOK 12.00 billion.

Roy Reite, Chief Executive Officer and Executive Director of VARD, commented, "As our diversification strategies are beginning to bear fruit, VARD continues to strengthen its business operations through the efficient management of workload across the different shipyards, and leverages on its track record in design and innovation. Besides looking at new, sustainable opportunities to expand our project portfolio in other vessel segments, we are continuously exploring ways to diversify our service offering and tap on other business leads in the offshore and marine industries such as repair and maintenance."

Newbuilding activity in Norway supplemented by conversion, repair and maintenance projects

The Group's shipyards in Norway are still experiencing low utilization whilst it prepares for the arrival of new hulls that are currently under construction in Romania. However, newbuilding activity is being supplemented by conversion, repair and maintenance work on a broad range of vessels, including coast guard, fisheries and offshore vessels.

At Vard Langsten, the maintenance program for the Norwegian Coast Guard is ongoing, and the same yard has also completed a comprehensive upgrade and lengthening project for a fishing trawler during the quarter. In addition, Vard Langsten has also been selected, from amongst three other competing yards, to continue negotiations for the construction of three new coast guard vessels for Norway. If successful, the project shall be tabled for approval by the Norwegian Parliament in 2018, with delivery of the vessels slated for 2022, 2023 and 2024.

At Vard Brattvaag, the yard is engaged in the installation of Vard Electro's SeaQ™ Energy Storage system on board three Platform Supply Vessels (PSV), resulting in an upgrade of the vessels to "Battery Power" notation. Vard Brevik has delivered a Universal Transfer System (UTS), a ground-breaking floating solution for Liquefied Natural Gas (LNG) transfer between ship and shore, to Connect LNG.

Workload varies by geography

Following on from last quarter, the two shipyards in Romania continued to experience very high workloads. However, an increase in headcount and organizational restructuring helped the shipyards to cope with the high level of activity. Construction is now under way for all six expedition cruise vessels contracted during 2016. Of the series of MCVs, the first two vessels were delivered from Vard Braila to Kazmortransflot during the quarter, whilst Vard Tulcea delivered its first MCV to Topaz Energy and Marine in October.

Operations at Vard Vung Tau in Vietnam remain stable, and rapid progress was made on the MCV projects. Two MCVs were delivered to Topaz Energy and Marine from Vard Vung Tau during 3Q 2017, whilst two more were delivered after the end of the quarter. The remaining three vessels in the series to be delivered from Vietnam are currently under construction. More significantly, Vard Vung Tau marked its entry into the passenger vessel market, securing a contract for construction of a new expedition cruise vessel for Coral Expeditions, which is scheduled for delivery in 2019. This also marks the continuation of work for the yard following the completion of the MCV projects.

Over in Brazil, Vard Promar completed the fifth Liquefied Petroleum Gas (LPG) Carrier for Transpetro during the quarter, and delivered the vessel in October. The yard also recorded good progress on the Pipelay Support Vessels (PLSV) under construction for Dofcon Navegação (DOF and TechnipFMC). The pipelay tower was installed on the first vessel, and electrical installation work, testing and commissioning are ongoing. The lack of work in early stages of vessel construction however necessitates a continued rightsizing of the organization.

VARD strengthens position in the aquaculture market

During the quarter, the Group strengthened its position in the aquaculture market through a streamlining of operations at Vard Aukra, and the integration of its aquaculture equipment business (formerly Storvik Aqua) under a new brand name, Vard Aqua. One service vessel was delivered to Måsøval Fiskeoppdrett, and a new contract was secured after the end of the quarter for a service vessel for Midt-Norsk Havbruk, scheduled for delivery in 2Q 2018.

Diversification continues to underscore the Group's strategy

Amidst market uncertainties, VARD will continue to diversify its suite of product offerings and identify new opportunities in areas such as the expedition cruise vessel market and the fisheries and aquaculture sector, through focus on design and innovation.

Whilst the offshore market remains challenging, there are signs of a long-term recovery in the broader oil and gas industry. However, there are still inherent risks in the Group's current offshore project portfolio, which the management works to mitigate.

Looking ahead, while the workload at the shipyards remains volatile and varies by geography, the arrival of cruise vessel hulls and other projects from Romania will result in an improvement in yard utilization in Norway.

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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 79.2% 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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