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**VARO**™

a Fincantieri company

# Disclaimer

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

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# 3Q 2017 Results Presentation

Vard Holdings Limited

10 November 2017

# 3Q 2017 key messages

- **Revenue** of NOK 2 005 million, up from NOK 1 503 million in 3Q 2016
- **EBITDA** (before restructuring cost) of NOK 55 million, up from NOK 33 million in 3Q 2016
- **EBITDA margin** (EBITDA before restructuring cost to total operating revenues) of 2.7%, up from 2.2% in 3Q 2016
- **Order intake** of NOK 1 010 million, including one expedition cruise vessel to be built in **Vietnam**
- Four Module Carrier Vessels (MCV) **delivered** during 3Q 2017
- 41 vessels in the **order book** as at 30 September 2017, of which 34 are VARD designs
- Managing high workload in **Romania**
- Newbuilding activity in **Norway** supplemented by conversion, repair and maintenance projects



From the launching of *Topaz Don*, MCV for Topaz Energy and Marine, at Vard Vung Tau

3Q 2017

# Business update



# Vessel deliveries

Four vessels delivered in 3Q 2017

## Topaz Amur

From Vard Vung Tau (Vietnam) to Topaz Energy and Marine



Design: VARD 9 21 | Module Carrier Vessel

## Topaz Belaya

From Vard Vung Tau (Vietnam) to Topaz Energy and Marine



Design: VARD 9 21 | Module Carrier Vessel

## Barys

From Vard Braila (Romania) to Kazmortransflot



Design: VARD 9 28 | Module Carrier Vessel

## Berkut

From Vard Braila (Romania) to Kazmortransflot



Design: VARD 9 28 | Module Carrier Vessel

# New contracts

One new contract secured in 3Q 2017

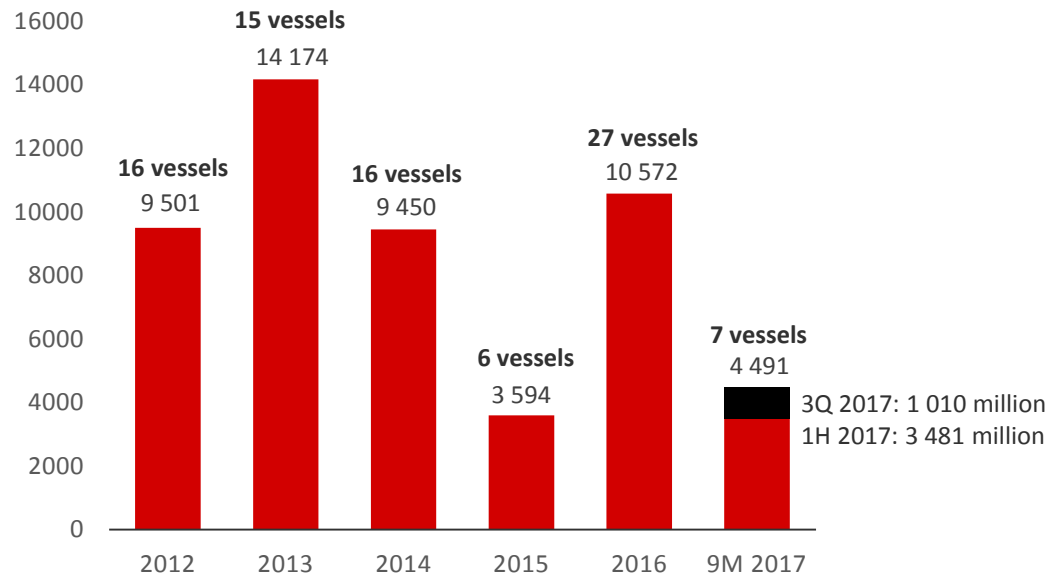
## 1 Expedition Cruise Vessel for Coral Expeditions



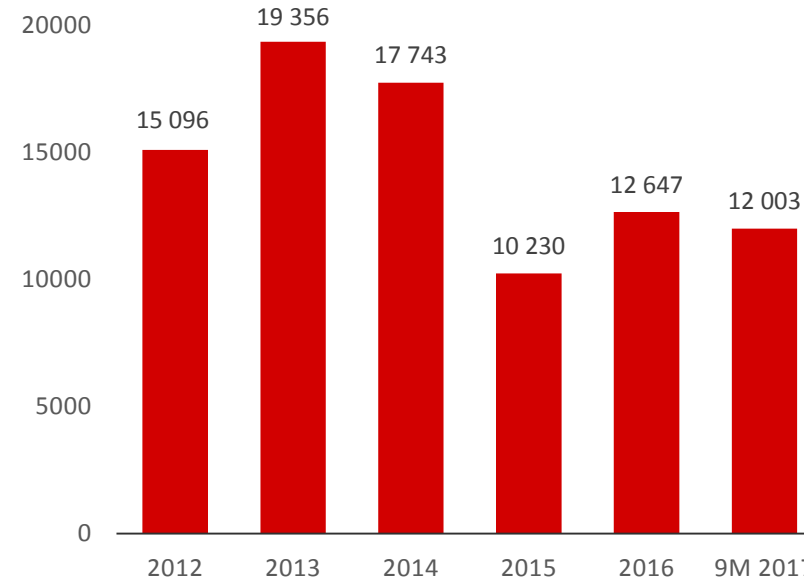
Design: VARD 6 01 | Delivery: 1Q 2019  
Contract value: Undisclosed

# Order book development

New order intake during the period (NOK million)



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



As at 30 September 2017, the Group had 41 vessels in the order book, 34 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 30 September 2017 (# of vessels)



Type	Norway	Romania	Vietnam	Brazil	Total
Offshore					6
MCV <sup>(1)</sup>					
Cruise	4		1		
Other	1				
Offshore	5			2	28
MCV		9	3		
Cruise	2				
Other	6			1	
Offshore	2+2		1		7+7
MCV		2+2	2+2		
Cruise					
Other				1	
Offshore	6		1	1	13
MCV					
Cruise					
Other	1	1		3	

(1) Module Carrier Vessels

# Order book by region and vessel type

## By region

Region	Order book 30 Jun 2017	Deliveries 3Q 2017	Order intake 3Q 2017	Order book 30 Sep 2017
Norway	20	-	-	20
Romania	13	2	-	11
Vietnam	7	2	1	6
Brazil	4	-	-	4
<b>Total</b>	<b>44</b>	<b>4</b>	<b>1</b>	<b>41</b>

## By vessel type

Vessel type	Order book 30 Jun 2017	Deliveries 3Q 2017	Order intake 3Q 2017	Order book 30 Sep 2017
AHTS	-	-	-	-
PSV	3	-	-	3
OSCV	6	-	-	6
MCV <sup>(1)</sup>	20	4	-	16
Cruise	6	-	1	7
Other	9	-	-	9
<b>Total</b>	<b>44</b>	<b>4</b>	<b>1</b>	<b>41</b>

(1) Module Carrier Vessels

# Operations – Norway

- Yard utilization in Norway still low while preparing for arrival of hulls from Romania
- Newbuilding activity supplemented by conversion, repair and maintenance work on a broad range of vessels, including coast guard, fisheries and offshore
- Maintenance program for Norwegian Coast Guard ongoing at Vard Langsten
- Project for comprehensive upgrade and lengthening of a fishing trawler completed at Vard Langsten
- Installation of Vard Electro's SeaQ™ Energy Storage System and upgrade to “Battery Power” notation of three Platform Supply Vessels (PSV) at Vard Brattvaag
- Universal Transfer System (UTS) for Connect LNG – groundbreaking floating solution for LNG transfer between ship and shore – delivered from Vard Brevik



Launch of the Universal Transfer System (UTS) for Connect LNG at Vard Brevik

# Operations – Romania

- Improvements in managing the very high workload achieved through increase in headcount and adapting the organization
- Construction now under way on all six expedition cruise vessels contracted in 2016
- First two MCVs for Kazmortransflot delivered from Vard Braila during 3Q, and first MCV for Topaz Energy and Marine from Vard Tulcea in October



Two MCVs for Kazmortransflot at quayside in Vard Braila



# Operations – Vietnam

- Stable operations amid rapid progress on MCV projects for Topaz Energy and Marine
- Two MCVs delivered during 3Q, and two more after the end of the quarter; remaining three vessels under construction
- New contract for one small expedition cruise vessel for Coral Expeditions of Australia – marking Vard Vung Tau's entry into the passenger vessel market, and securing work for the yard after completion of the MCV projects



MCV for Topaz Energy and Marine under construction at Vard Vung Tau

# Operations – Brazil

- Fifth Liquefied Petroleum Gas (LPG) Carrier for Transpetro completed during the quarter (delivered in October)
- Good progress on Pipelay Support Vessels (PLSV) under construction for Dofcon Navegação (DOF and TechnipFMC)
- Pipelay tower on first vessel installed and electrical installation work, testing and commissioning ongoing
- Rightsizing of the organization ongoing to reflect lack of work in early stages of vessel construction



4,000 m<sup>3</sup> LPG Carrier *Gilberto Freyre* for Transpetro, completed at Vard Promar



# Aquaculture

- Strengthened position in the aquaculture market through streamlining of operations at Vard Aukra and integration of aquaculture equipment business (formerly Storvik Aqua) under new brand name Vard Aqua
- Broad product portfolio launched at the Aqua Nor international aquaculture exhibition and trade fair in Trondheim, Norway
- New solutions for the aquaculture industry introduced, including *FishSense* system for feeding, monitoring, service and logistics
- One service vessel delivered to Måsøval Fiskeoppdrett
- One new contract secured after the end of the quarter for a service vessel for Midt-Norsk Havbruk, scheduled for delivery in 2Q 2018



From the Aqua Nor trade fair and exhibition in Trondheim, Norway

# Contracts under negotiation for the Norwegian Coast Guard

- Plans for the construction of three new Coast Guard vessels announced by the Norwegian Government
- Following review of proposals, Vard Langsten has been selected, amongst three competing yards, to continue negotiations
- If successful, the project shall be tabled for approval by the Norwegian Parliament in 2018
- Delivery of the vessels would be in 2022, 2023 and 2024



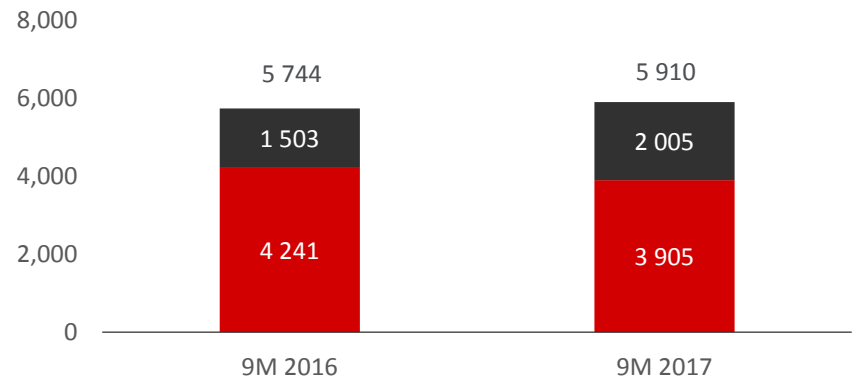
Arctic Coast Guard Vessel (illustration)

3Q 2017

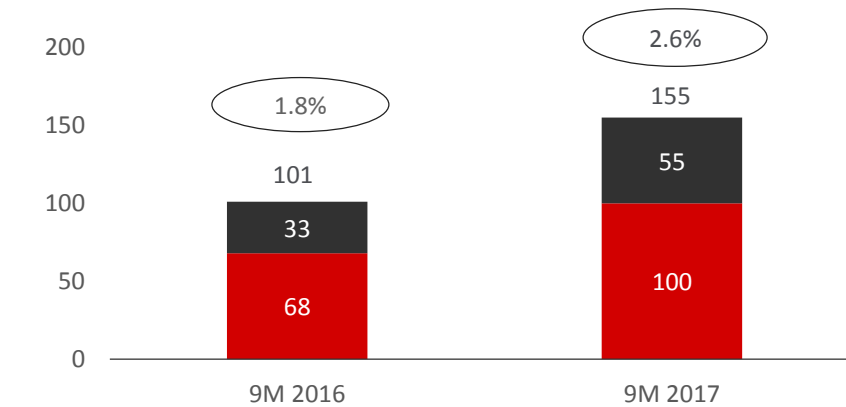
# Key financials

# Revenues, EBITDA and net income

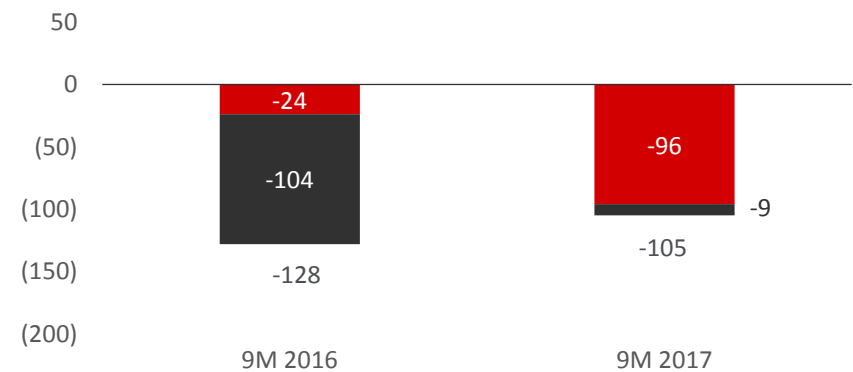
Revenues (NOK million)



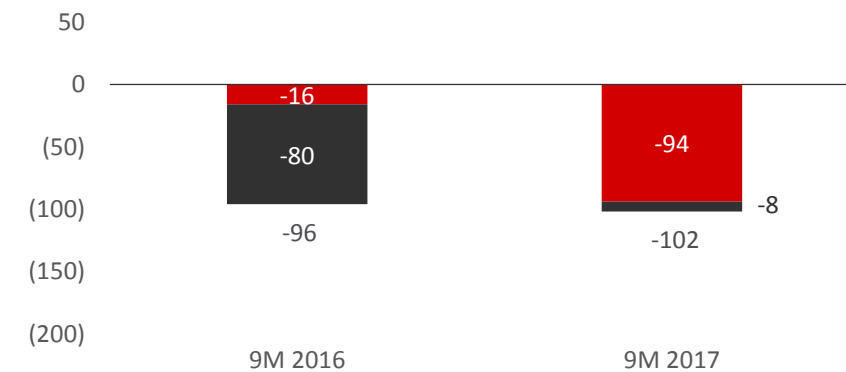
EBITDA (NOK million)



Profit (loss) for the period (NOK million)



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

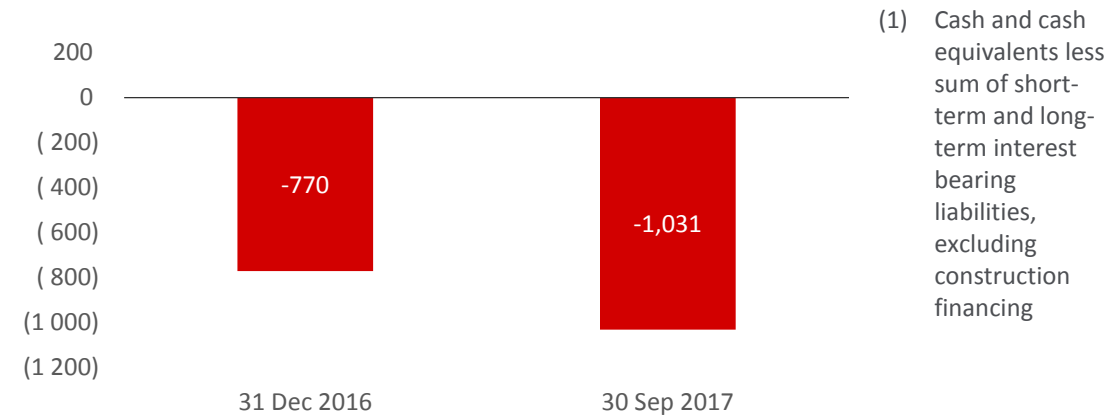


# Income statement

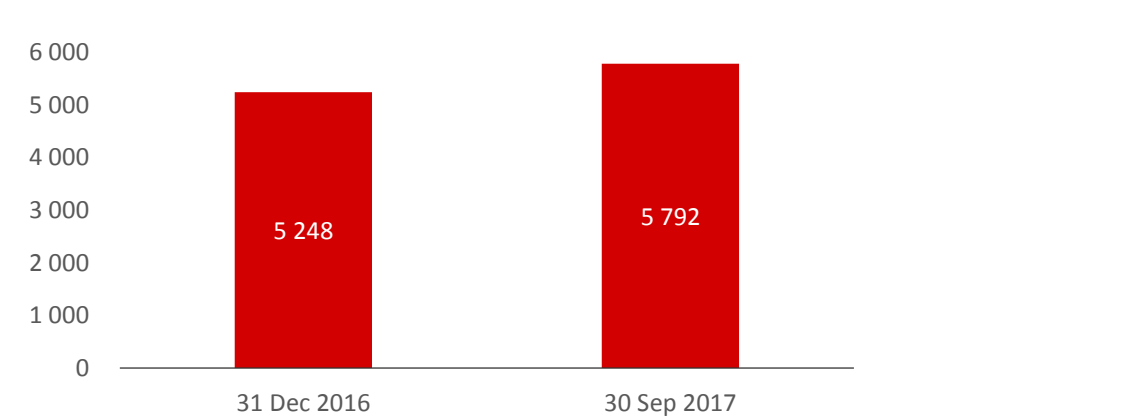
(NOK million)	3Q ended 30 September		9M ended 30 September	
	2017	2016	2017	2016
<b>Revenue</b>	<b>2 005</b>	<b>1 503</b>	<b>5 910</b>	<b>5 744</b>
<b>EBITDA before restructuring cost</b>	<b>55</b>	<b>33</b>	<b>155</b>	<b>101</b>
EBITDA margin (%)	2.7%	2.2%	2.6%	1.8%
Restructuring cost	(11)	(27)	(21)	(76)
Depreciation, impairment and amortization	(53)	(51)	(166)	(153)
<b>Operating profit (loss)</b>	<b>(9)</b>	<b>(45)</b>	<b>(32)</b>	<b>(128)</b>
Net financial income / (cost)	16	(29)	(37)	44
<b>Profit (loss) before tax</b>	<b>(9)</b>	<b>(83)</b>	<b>(102)</b>	<b>(102)</b>
<b>Profit (loss) for the period</b>	<b>(9)</b>	<b>(104)</b>	<b>(105)</b>	<b>(128)</b>
Non-controlling interest	(1)	(24)	(3)	(32)
<b>Profit (loss) attributable to equity holders of the Company</b>	<b>(8)</b>	<b>(80)</b>	<b>(102)</b>	<b>(96)</b>

# Cash and cash equivalents, and loans and borrowings

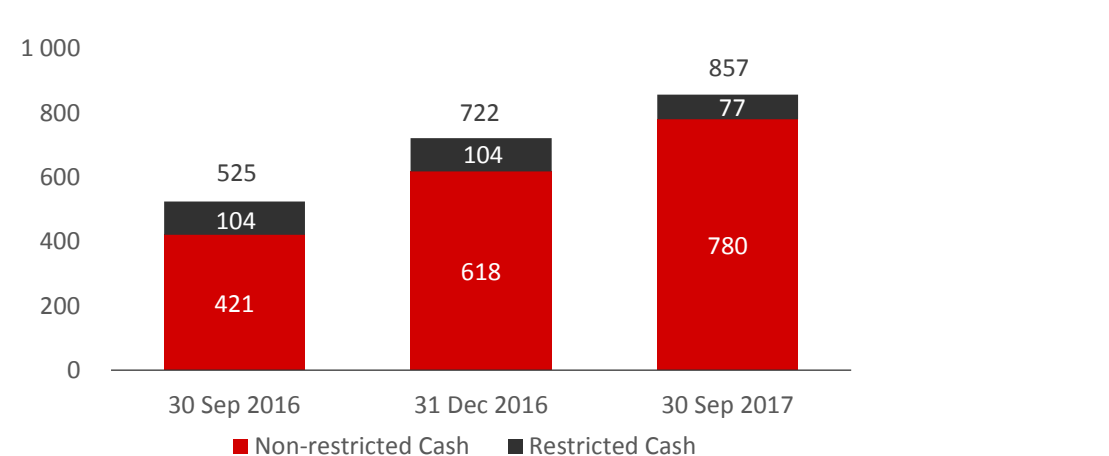
Net cash (NOK million)<sup>1</sup>



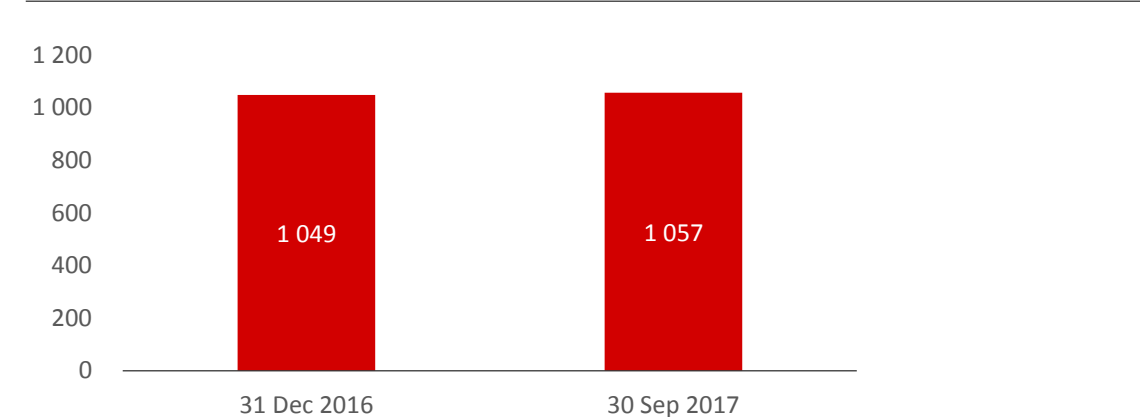
Construction loans (NOK million)



Cash and cash equivalents (NOK million)



Loans and borrowings, non-current (NOK million)





# Balance sheet

(NOK million)	As at:	
	30 September 2017	31 December 2016
Non-current assets	4 045	3 892
Cash and cash equivalents	857	722
Other current assets	9 420	8 904
<b>Total assets</b>	<b>14 322</b>	<b>13 518</b>
<b>Total equity</b>	<b>2 261</b>	<b>2 295</b>
Loans and borrowings, non-current	1 057	1 049
Other non-current liabilities	829	819
Construction loans	5 792	5 248
Other current liabilities	4 383	4 107
<b>Total liabilities</b>	<b>12 061</b>	<b>11 223</b>
<b>Total equity and liabilities</b>	<b>14 322</b>	<b>13 518</b>

# Cash flow statement

(NOK million)	3Q ended 30 September		9M ended 30 September	
	2017	2016	2017	2016
Cash flows from / (used in) operating activities	(129)	(221)	(58)	144
Cash flows from / (used in) investing activities	(83)	(59)	(262)	(157)
Cash flows from / (used in) financing activities	409	(106)	495	(299)
<b>Net change in cash and cash equivalents</b>	<b>197</b>	<b>(386)</b>	<b>175</b>	<b>(312)</b>
Effects of currency translation differences on cash and cash equivalents	(15)	(15)	(13)	13
Cash and cash equivalents excluding restricted cash at the beginning of the financial period	598	822	618	720
Restricted cash at the end of the financial period	77	104	77	104
<b>Cash and cash equivalents at the end of the financial period</b>	<b>857</b>	<b>525</b>	<b>857</b>	<b>525</b>

# Earnings per share

	3Q ended 30 September		9M ended 30 September	
	2017	2016	2017	2016
Earnings for the period (NOK million)	(8)	(80)	(102)	(96)
<b>Earnings for the period (SGD million)</b>	<b>(1)</b>	<b>(14)</b>	<b>(17)</b>	<b>(16)</b>
Weighted average number of shares (million)	1 180	1 180	1 180	1 180
Earnings per share (NOK)	(0.01)	(0.07)	(0.09)	(0.08)
<b>Earnings per share (SGD cents)</b>	<b>(0.08)</b>	<b>(1.19)</b>	<b>(1.44)</b>	<b>(1.36)</b>
Exchange rates (SGD/NOK)	5.871	5.899	5.871	5.899

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 2017	31 December 2016
Net assets value at the end of the period (NOK million)	2 233	2 265
<b>Net assets value at the end of the period (SGD million)</b>	<b>380</b>	<b>380</b>
Number of shares (million)	1 180	1 180
Net assets value per ordinary share (NOK)	1.89	1.92
<b>Net assets value per ordinary share (SGD)</b>	<b>0.32</b>	<b>0.32</b>
Exchange rate (SGD/NOK)	5.871	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.

3Q 2017  
Outlook

# Outlook

- Developing new opportunities in the expedition cruise vessel market through continued focus on design and innovation
- Improved position to take advantage of good prospects in the fisheries and aquaculture markets
- Offshore market still challenging, but signs of recovery in the longer term in the broader oil & gas industry
- Risks still inherent in the current offshore project portfolio; postponed delivery of some projects amid ongoing financial restructurings of clients in the offshore segment
- Workload remains volatile and varying by geography
- Improvement in yard utilization in Norway contingent upon arrival of cruise vessel hulls and other projects from Romania





3Q 2017

Q&A