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VARD™

a **Fincantieri** company

Disclaimer

This presentation should be read in conjunction with Vard Holdings Limited's results for the period ended 31 March 2016 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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1Q 2016 Results Presentation

Vard Holdings Limited

12 May 2016

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1Q 2016 key messages

- **Revenue** of NOK 2 023 million, down from NOK 3 063 million in 1Q 2015
- **EBITDA** (before restructuring cost) of NOK 57 million, down from NOK 65 million in 1Q 2015
- **EBITDA margin** (EBITDA before restructuring cost to total operating revenues) of 2.8%, up from 2.1% in 1Q 2015
- **Order intake** of NOK 651 million; one new vessel contract and one LoI for four vessels secured
- 27 vessels in the **order book** as at 31 March 2016, of which 17 are VARD designs
- **Stable operations** in Europe and Vietnam
- Progress in **Brazil** with delivery of AHTS from Vard Niterói and first LPG carrier from Vard Promar
- **Market situation** still challenging with increased focus on counterparty risk
- Implementation of **new business plan** underway; breakthroughs in expedition cruise vessel and aquaculture markets, and **major contract** from Topaz Energy and Marine secured after the end of the quarter



VARD 9 21 | Module Carrier Vessel for Topaz Energy and Marine

1Q 2016

Business update

Vessel deliveries

Three vessels delivered in 1Q 2016

Barbosa Lima Sobrinho
from Vard Promar (Brazil) to Transpetro



Design: WBDC | 7000 m^3 LPG Carrier

MMA Brewster
from Vard Vung Tau (Vietnam) to MMA Offshore



Design: VARD 1 08 I Platform Supply Vessel

Bourbon Arctic
From Vard Brattvaag (Norway) to Bourbon



Design: VARD 2 12 I Anchor Handling Tug Supply Vessel

New contracts

One new contract secured 1Q 2016

1 Stern trawler
For HAVFISK



Design: VARD 8 02 | Delivery: 1Q 2018
Contract value: Approx. 325 MNOK

One Letter of Intent (LoI) secured during 1Q 2016

4 Expedition cruise vessels
for PONANT



Design: VARD 6 08 | Delivery: Summer 2018 – Summer 2019
Contract value: Undisclosed

Post-1Q: Major contract secured for the design and construction of 15 Module Carrier Vessels for Topaz Energy and Marine

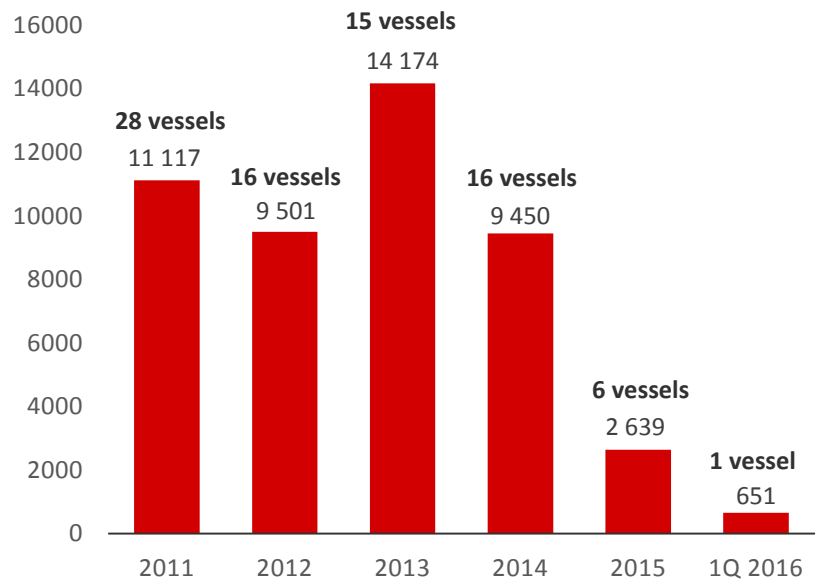


Design: VARD 9 21| Delivery: 3Q 2017 – 2Q 2018
Aggregate contract value: Close to USD 300 million

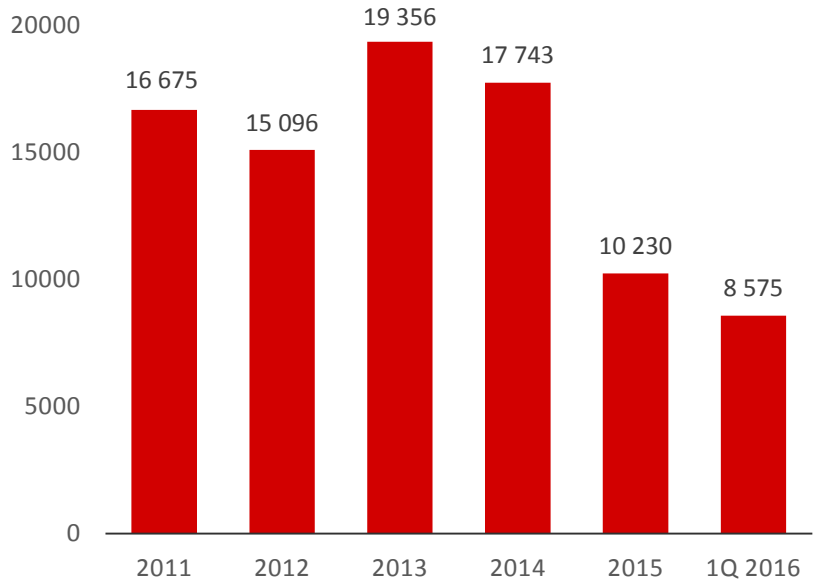
- 15 vessels purpose-built for shallow-water transport on Russian waterways to oilfields in Kazakhstan
- Five vessels to be built at Vard Braila (Romania), four at Vard Tulcea (Romania), and six at Vard Vung Tau (Vietnam)
- Strengthening VARD's presence in the Caspian region
- Securing significant work for the yards in Romania and Vietnam

Order book development

New order intake during the period (NOK million)



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

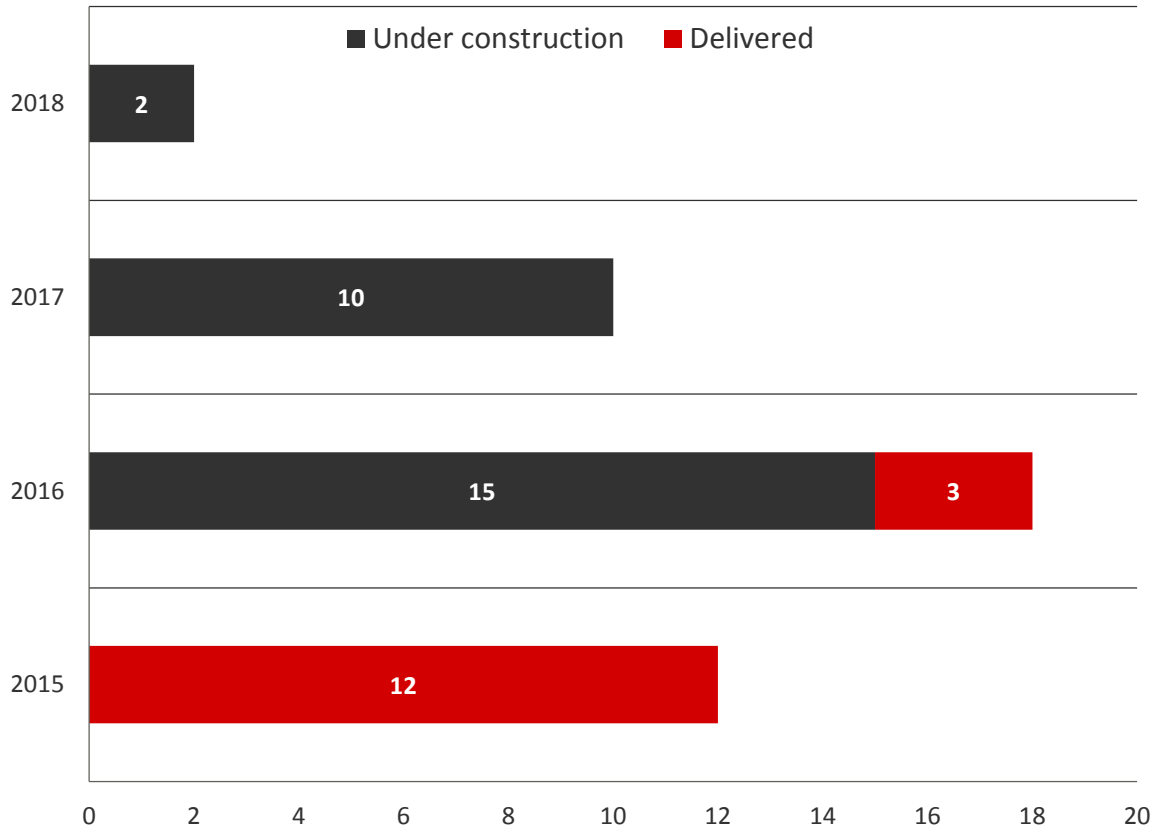


As at 31 March 2016, the Group had 27 vessels in the order book, 17 of which will be of VARD's own design.

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

Order book status

Order book as of 31 March 2016 (# of vessels)



Type	Norway/Romania	Brazil	Vietnam	Total
AHTS	1			2
PSV				
OSCV				
Other	1			
AHTS				10
PSV	1			
OSCV	5	2		
Other		2		
AHTS	1	1		15+3
PSV	4		1	
OSCV	5		1	
Other	2	2+1		
AHTS		1		12
PSV	2		3	
OSCV	3			
Other	2	1		

Note: Includes firm orders only.

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Order book by region and vessel type

By region

Region	Order book 31 Dec 2015	Deliveries 1Q 2016	Order intake 1Q 2016	Order book 31 Mar 2016
Norway / Romania	19	1	1	19
Brazil	8	1	-	7
Vietnam	2	1	-	1
Total	**29**	**3**	**1**	**27**

By vessel type

Vessel type	Order book 31 Dec 2015	Deliveries 1Q 2016	Order intake 1Q 2016	Order book 31 Mar 2016
AHTS	3	1	-	2
PSV	6	1	-	5
OSCV	13	-	-	13
Other	7	1	1	7
Total	**29**	**3**	**1**	**27**

Note: Includes firm orders only.

Operations – Norway

- Stable operations, with completion and delivery of large and complex projects
  - Arctic AHTS from Vard Brattvaag to Bourbon in 1Q 2016
  - PLSV for Brazilian operations from Vard Søviknes to Techdof Brasil (DOF / Technip joint venture) in April
  - PSV from Vard Aukra to Nordic American Offshore in April
- Lower capacity utilization and increasing number of temporary layoffs at some yards until diversification of the order book begins to have an impact
- Vard Aukra has delivered its first fish feed barge to aquaculture industry leader Marine Harvest, and further work in the sector has been secured



Henrik Ibsen – Fish feed barge delivered from Vard Aukra to Marine Harvest

Operations – Romania

- Work ongoing for enlargement of FINCANTIERI-owned barge in Tulcea, to enable launching of larger hulls. Dredging works in progress to allow launching closer to the yard
- First contract for construction of a large cruise ship hull section entered into, as part of a multi-year program to supply partially outfitted hull sections to FINCANTIERI. First order comprises approx. 7 000 tons of steel structures, including piping and steel outfitting works
- Workload in Romanian yards expected to increase rapidly with ramp-up of production for FINCANTIERI, targeted own cruise vessel projects, and contract for Module Carrier Vessels



PLSV for Techdof Brasil being launched at Vard Tulcea using the barge Atlante II

Operations – Vietnam

- Stable operations
- One PSV delivered to MMA Offshore during 1Q 2016
- One vessel in the orderbook – OSCV for Farstad – currently under construction
- Contract for six Module Carrier Vessels to be built at Vard Vung Tau secures utilization of the yard throughout 2016 and 2017



OSCV for Farstad under construction at Vard Vung Tau

Operations – Brazil

Vard Niterói

- Last remaining vessel from legacy series of AHTS projects delivered to DOF in April
- One LPG carrier in final stages of outfitting; delivery scheduled for 2Q 2016
- Downsizing continues in preparation of phasing out of newbuilding activities

Vard Promar

- First LPG carrier for Transpetro built entirely at Vard Promar delivered during 1Q 2016
- One LPG carrier in final stages of outfitting
- Work on remaining two LPG carriers and two PLSVs progressing in line with forecasts, but execution risk still high



Skandi Paraty | AHTS for DOF

Market environment and risk

- The current situation in the global offshore market is challenging for many shipowners, several of which are undergoing restructuring
- As a consequence, VARD has increased its focus on counterparty risk and is working actively with clients and financial institutions to secure delivery of the current order book
- This includes management of working capital financing needs, guarantees, and foreign exchange exposure

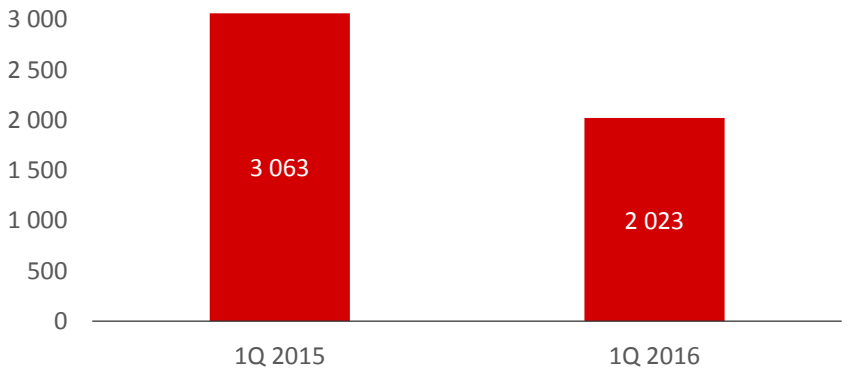
- VARD has been notified that Harkand Group has entered into administration. Harkand has one Diving Support and Construction Vessel (DSCV) under construction at VARD
- The Company is currently evaluating its position towards Harkand, and potential resale opportunities for the vessel

1Q 2016

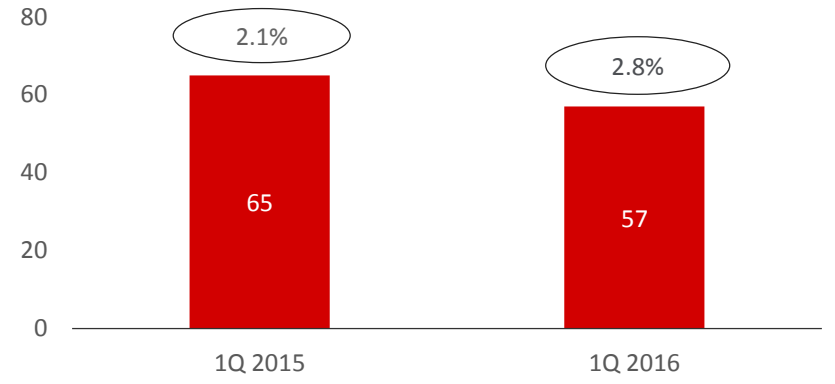
Key financials

Revenues, EBITDA and net income

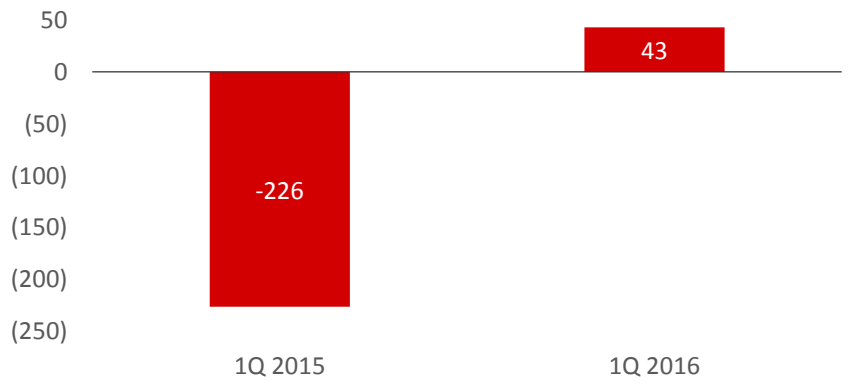
Revenues (NOK million)



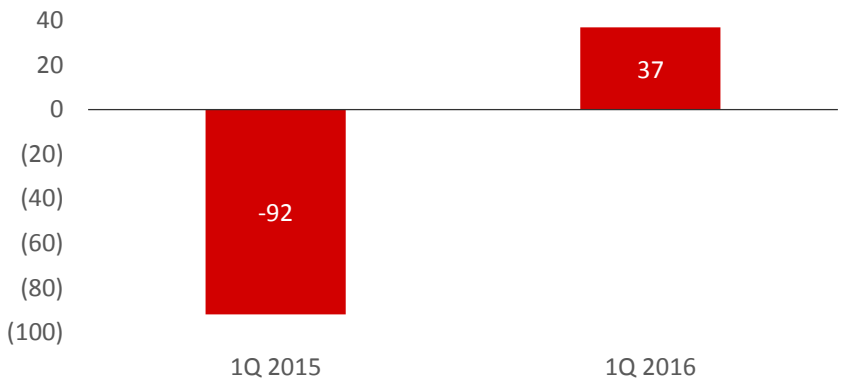
EBITDA (NOK million)



Profit (loss) for the period (NOK million)



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



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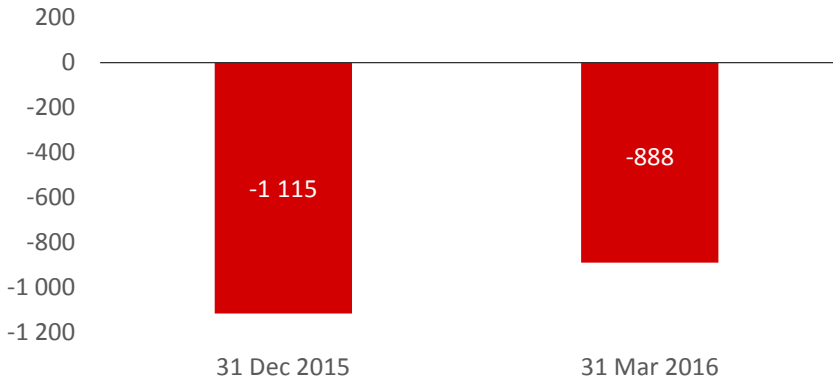
Income statement

(NOK million)	1Q ended 31 March 2016	2015
Revenue	**2 023**	**3 063**
EBITDA before restructuring cost	**57**	**65**
EBITDA margin (%)	2.8%	2.1%
Restructuring cost	(11)	(6)
Depreciation, impairment and amortization	(51)	(50)
Operating profit (loss)	**(5)**	**9**
Net financial income / (cost)	48	(216)
Profit (loss) before tax	**43**	**(206)**
Profit (loss) for the period	**43**	**(226)**
Non-controlling interest	6	(134)
Profit (loss) attributable to equity holders of the Company	**37**	**(92)**

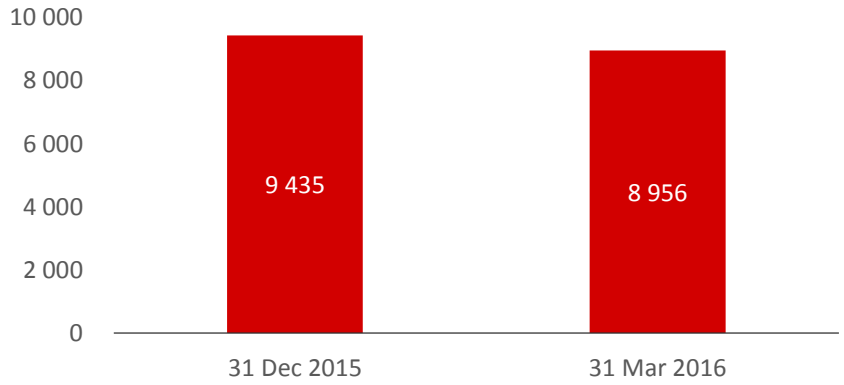
Cash and cash equivalents, and loans and borrowings

Net cash (NOK million)[1]

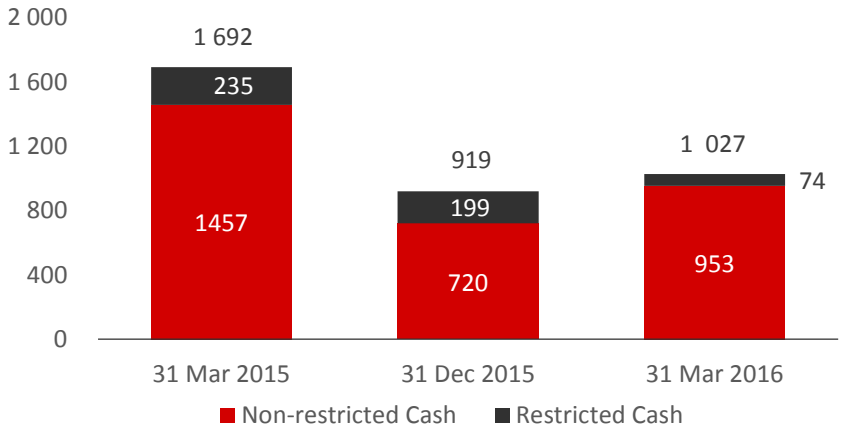


(1) Cash and cash equivalents less sum of short-term and long-term interest bearing liabilities, excluding construction financing

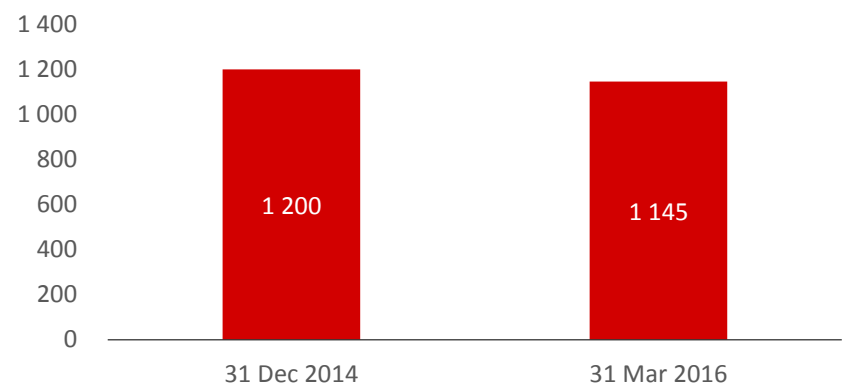
Construction loans (NOK million)



Cash and cash equivalents (NOK million)



Loans and borrowings, non-current (NOK million)



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Balance sheet

(NOK million)	As at: 31 March 2016	31 December 2015
Non-current assets	3 741	3 760
Cash and cash equivalents	1 027	919
Other current assets	13 714	16 216
Total assets	**18 482**	**20 895**
Total equity	**2 886**	**2 961**
Loans and borrowings, non-current	1 145	1 200
Other non-current liabilities	574	209
Construction loans	8 956	9 435
Other current liabilities	4 921	7 090
Total liabilities	**15 596**	**17 934**
Total equity and liabilities	**18 482**	**20 895**

Cash flow statement

(NOK million)	1Q ended 31 March 2016	2015
Cash flows from / (used in) operating activities	317	(556)
Cash flows from / (used in) investing activities	(35)	(64)
Cash flows from / (used in) financing activities	(52)	170
Net change in cash and cash equivalents	**230**	**(450)**
Effects of currency translation differences	3	(59)
Cash and cash equivalents excluding restricted cash at the beginning of the financial period	720	1 966
Restricted cash at the end of the financial period	74	235
Cash and cash equivalents at the end of the financial period	**1 027**	**1 692**

Earnings per share

	1Q ended 31 March	
	2016	2015
Earnings for the period (NOK million)	37	(92)
Earnings for the period (SGD million)	**6**	**(16)**
Weighted average number of shares (million)	1 180	1 180
Earnings per share (NOK)	0.03	(0.08)
Earnings per share (SGD cents)	**0.51**	**(1.36)**
Exchange rates (SGD/NOK)	6.152	5.891

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: 31 March 2016	31 December 2015
Net assets value at the end of the period (NOK million)	3 745	3 798
Net assets value at the end of the period (SGD million)	**609**	**609**
Number of shares (million)	1 180	1 180
Net assets value per ordinary share (NOK)	3.17	3.22
Net assets value per ordinary share (SGD)	**0.52**	**0.52**
Exchange rate (SGD/NOK)	6.152	6.239

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.

1Q 2016

Outlook

Outlook

- The offshore oil and gas market continues to be challenging, both for shipyards and ship owners
- Counterparty risk management and securing delivery of the existing order book are near term priorities. The position towards Harkand Group (under administration) is currently being evaluated
- Opportunities for new projects related to oil and gas still exist in niche markets and for highly specialized vessels
- Implementation of the new business plan is underway, with important breakthroughs in the expedition cruise vessel and aquaculture markets
- Positive market sentiment in the expedition cruise vessel market; VARD well positioned to secure more orders
- Conversion of LoIs into firm contracts is key to ensuring that workload will not fall below critical level at some of the Norwegian yards
- Capacity utilization in Romania is expected to increase rapidly on the back of a large volume of cruise ship hull sections to be delivered to FINCANTIERI, targeted own cruise vessel projects, and the contract for Module Carrier Vessels for Topaz
- Stable operations in Europe and Vietnam; execution risk in Brazil still high
- Focus on lowering of the cost position in order to succeed in core and new markets



1Q 2016

Q&A

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