

KVERNER™

Third quarter
6 November 2015



KVÆRNER ASA – THIRD QUARTER RESULTS 2015

HIGHLIGHTS

- Final contract signed for delivery of Sverdrup drilling platform jacket
- Dividend policy revised
- Capacity and cost reductions on-going
- Refinancing of long term credit facilities concluded

SUBSEQUENT EVENTS

- Contract for the Sverdrup process platform jacket of approximately NOK 1 billion won
- Longview project arbitration award of USD 74 million
- Semi-annual dividend of NOK 0.15 per share paid 23 October
- Revised operating model and changes to executive management

FINANCIAL HIGHLIGHTS



¹ Excluding Kvaerner's scope of work of jointly controlled entities closely related to Kvaerner's operating activities

² As from Q3 2015, adjusting impact related to embedded derivatives in jointly controlled entities closely related to Kvaerner's operating activities

³ Including Kvaerner's scope of work of jointly controlled entities closely related to Kvaerner's operating activities.

FINANCIAL KEY FIGURES

Amounts in NOK million	Q3 2015	Q3 2014	YTD 2015	YTD 2014	FY 2014
Total revenue and other income ¹	2 858	4 004	9 508	10 354	13 945
EBITDA ²	187	194	397	653	828
EBITDA adjusted ³	148	194	358	653	828
EBITDA adjusted margin	5.2 %	4.8 %	3.8 %	6.3 %	5.9 %
EBIT	164	176	337	603	492
Net profit - continuing operations	95	112	210	330	27
Basic and diluted earnings per share - continuing operations	0.35	0.42	0.78	1.23	0.10
Order intake ⁴	2 027	2 801	11 311	9 445	10 718
Order backlog ⁴	16 232	19 353	16 232	19 353	16 451
Net current operating assets (NCOA)	(639)	(515)	(639)	(515)	(922)
Net interest bearing deposits and loans	1 044	563	1 044	563	722

¹ Excluding scope of work of jointly controlled entities closely related to Kvaerner's operating activities.

² EBITDA definition: Earnings before Interest (net financial items), Taxes, Depreciation, Amortisation and Impairment.

³ EBITDA adjusted excludes impact of embedded derivatives reported in jointly controlled entities closely related to Kvaerner's operating activities.

⁴ Including Kvaerner's scope of work of jointly controlled entities closely related to Kvaerner's operating activities.

FINANCIAL REVIEW

Income statement

Operating revenues in third quarter 2015 amounted to NOK 2 858 million, compared with NOK 4 004 million for third quarter 2014. Lower revenues are mainly due to lower activity within business area Topsides, where larger projects are recently finalised. Kvaerner reported operating revenues of NOK 9 508 million for the first nine months of 2015, compared with NOK 10 354 million for the same period in 2014.

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) adjusted for the quarter were NOK 148 million, compared to NOK 194 million in the same period last year. EBITDA adjusted margin for third quarter 2015 was 5.2 percent, an increase from 4.8 percent in corresponding period in 2014. The margin improvement mainly reflects successful closeout of finalised projects and phasing of projects. EBITDA adjusted for the first nine months of 2015 was NOK 358 million, compared to NOK 653 million for the same period in 2014.

Net financial income for the quarter was NOK 68 million, including foreign exchange accounting gain on embedded derivatives of NOK 122 million, partly offset by loss on foreign currency contracts of NOK 36 million, foreign exchange loss of NOK 14 million and net interest expense of NOK 4 million. Net financial expense for the same period in 2014 was NOK 15 million of which net interest expense amounted to NOK 9 million and foreign exchange loss to NOK 5 million. Lower net interest expense year on year is due to increased net interest bearing deposits and loans. Net financial income for the first nine months was NOK 60 million, compared to an expense of NOK 50 million in 2014. The significant change is mainly due to accounting effect from embedded derivatives, applicable for recent contract awards.

Net result from associated companies and jointly controlled entities presented below EBITDA was NOK nil million for both third quarter and the first nine months of 2015, compared to NOK nil million and negative NOK 58 million primarily for an impairment charge, for equivalent periods in 2014.

Profit before tax for third quarter 2015 of NOK 232 million compared to NOK 161 million for the same period last year. For the first nine months of 2015, profit before tax was NOK 397 million compared to NOK 494 million for the same period in 2014.

Total income tax expense in the quarter was NOK 137 million compared to NOK 49 million for the same quarter previous year. Tax expense for the first nine months amounted to NOK 187 million, compared to NOK 165 million in 2014. The tax expense reflects an effective tax rate of 47 percent for the first nine months of 2015 compared to 33 percent in 2014. Compared to the Norwegian statutory tax rate of 27 percent, the effective tax

rate reflects final ruling in tax audit in foreign branch with associated tax expense and provisions in addition to tax increasing items related to withholding taxes and deferred tax assets not recognised in some jurisdictions.

Profit from continuing operations was NOK 95 million and NOK 210 million for third quarter and year to date 2015 respectively, compared to NOK 112 million and NOK 330 million in equivalent periods in 2014. Basic and diluted earnings per share for continuing operations were NOK 0.35 for third quarter, compared to NOK 0.42 in third quarter 2014 and NOK 0.78 for the first nine months of 2015 compared to NOK 1.23 for the first nine months of 2014.

Discontinued operations reported a loss of NOK 20 million for third quarter 2015, compared to a loss of NOK 12 million in same period last year. Year to date result from discontinued operations was a profit of NOK 38 million compared to loss of NOK 72 million in 2014. The result for the first nine months of 2015 was positively impacted by a foreign exchange accounting effect of NOK 129 million on repayment of capital, recognised in first quarter. Basic and diluted earnings per share for discontinued operations were negative NOK 0.08 for third quarter 2015 compared to negative NOK 0.05 for third quarter 2014, and NOK 0.14 for first nine months of 2015 compared to negative NOK 0.27 for first nine months of 2014.

Net profit total operations in third quarter 2015 was NOK 74 million compared to NOK 100 million in the corresponding quarter last year. Basic and diluted earnings per share for total operations for third quarter 2015 were NOK 0.28 compared to NOK 0.37 in third quarter 2014. Net profit for the first nine months of 2015 was NOK 247 million compared to NOK 258 million last year. Basic and diluted earnings per share for total operations for the first nine months were NOK 0.92 and NOK 0.96 for 2015 for 2014 respectively.

Cash flow

Net cash inflow from operating activities was NOK 531 million in third quarter 2015 compared to cash inflow of NOK 102 million in the same period last year. Customer pre-payments were NOK 35 million at the end of third quarter compared to NOK 82 million at the end of the previous quarter. Net cash inflow from operating activities for the first nine months of 2015, was NOK 617 million, compared to cash outflow of NOK 172 million in the first nine months of 2014.

Net cash outflow from investing activities in third quarter 2015 was NOK 18 million compared to an outflow of NOK 17 million in the same quarter last year. Year to date cash outflow from investing activities amounted to NOK 54 million compared to NOK 135 million in 2014. Capital expenditure in the quarter and year to date amounted to NOK 18 million and NOK 55 million respectively, and is mainly capitalised expenses related to intangible assets.

Net cash outflow from financing activities was NOK 523 million in the quarter and NOK 736 million year to date compared with outflows of NOK 14 million and NOK 195 million for the same periods in 2014. Year to date outflow in 2015 mainly relate to instalment of borrowings of NOK 500 million and dividend payment of NOK 180 million. Year to date outflow in 2014 is mainly related to dividend payment of NOK 164 million.

Net decrease in cash and bank deposits during the quarter amounted to NOK 6 million, resulting in cash and bank deposits at the end of the quarter of NOK 1 043 million. As per 30 September, the group has not drawn on its credit facilities.

Balance sheet

Net current operating assets (NCOA) were negative NOK 639 million at quarter end, compared to negative NOK 483 million at the end of previous quarter. Equity ratio at 30 September 2015 was 42.4 percent, up from 35.5 percent at 30 June 2015.

Order intake and backlog

Order intake in third quarter totalled NOK 2 027 million, including Kvaerner's scope of work of jointly controlled entities, compared to NOK 2 801 million in the same quarter last year. As of 30 September 2015, order backlog, including Kvaerner's scope of work of jointly controlled entities, amounted to NOK 16 232 million. Estimated scheduling of the order backlog is approximately 20 percent for execution in 2015, approximately 50 percent for execution in 2016 and remaining 30 percent for execution in 2017 and later.

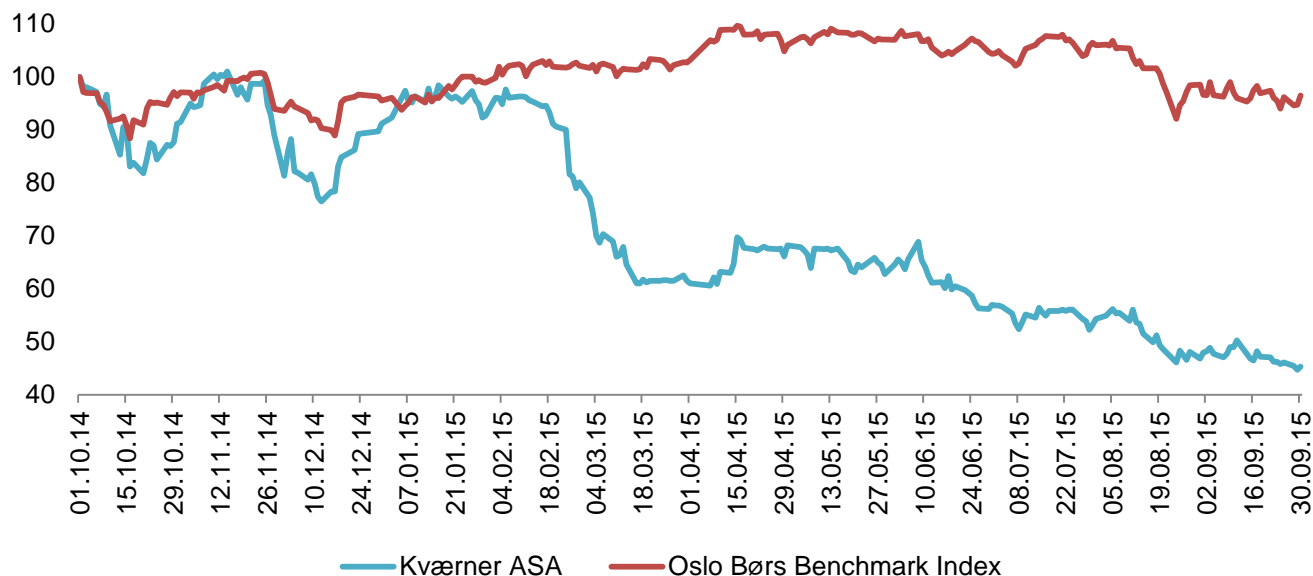
Transactions in treasury shares

In connection with the company's variable pay programme for executives, Kvaerner acquired 1 864 644 shares in the open market during second quarter 2015. There were no transactions in treasury shares in third quarter

2015. At the end of third quarter Kvaerner owned 1 864 644 treasury shares, or 0.69 percent of the 269 000 000 shares issued.

The Kvaerner share

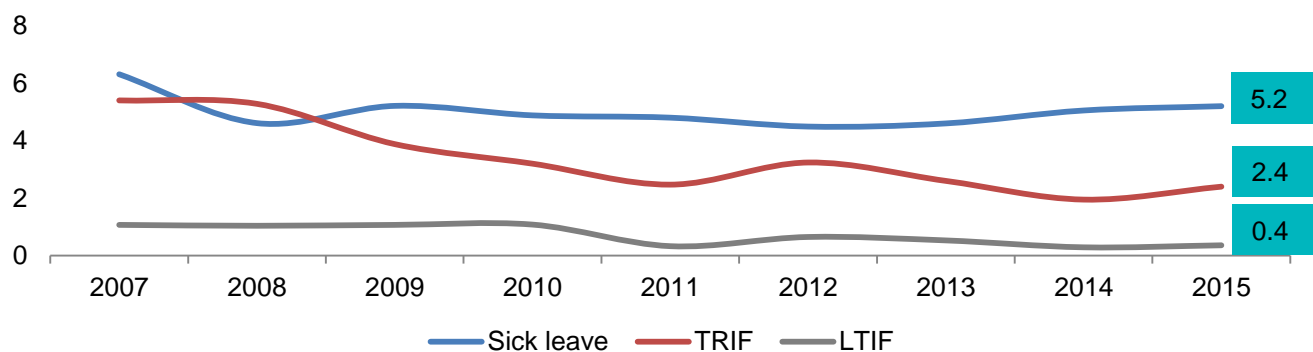
Indexed share price development last 12 months



The share price decreased from NOK 4.93 at the end of second quarter 2015 to NOK 3.92 at the end of third quarter 2015. The highest traded share price during third quarter was NOK 4.97, the lowest traded share price was NOK 3.80 and the average share price during the quarter was NOK 4.43. Average daily turnover during third quarter was 712 835 shares compared to 1 377 411 shares during second quarter 2015. The market capitalisation was NOK 1.1 billion at the end of third quarter 2015 compared to NOK 1.3 billion at the end of second quarter 2015.

OPERATIONAL REVIEW

Health, Safety, Security and Environment (HSSE)



During third quarter Kvaerner had two lost time incidents and 12 other serious or serious near miss incidents. All our serious near misses are being thoroughly analysed to identify the best measure to implement to avoid serious incidents in the future. Findings and actions based on these investigations are communicated across Kvaerner as a part of the continuous improvement plan. Sick leave numbers are somewhat behind target of 4.5 percent and are being closely monitored and followed up. The group performed more than 4 million work hours in the quarter. A total of 14 037 risk observations, including positive observations, were documented in the period, down from 19 395 observations in prior quarter.

Reporting segments

Following sale of Kvaerner's onshore construction business in North America in December 2013, Kvaerner only has one reportable segment; Upstream. Up until year end 2014, the Upstream segment included the business areas Contractors Norway, Jackets, Concrete Solutions and Contractors International.

As from 1 January 2015 a new corporate organisational structure was implemented comprising the business areas Topsides, Onshore, Jackets and Concrete Solutions. Contractors International has mainly been integrated as part of business area Topsides. These changes have not changed the group's segment reporting.

As from 1 January 2016, Kvaerner will change to a matrix based organisation, removing current business area structure, see Subsequent events section.

Upstream segment¹

Amounts in NOK million	Q3 2015	Q3 2014	YTD 2015	YTD 2014	FY 2014
Total revenue and other income	3 615	4 981	11 583	12 946	17 531
EBITDA	166	212	411	711	911
EBITDA margin	4.6 %	4.3 %	3.5 %	5.5 %	5.2 %
Net current operating assets (NCOA)	(696)	(416)	(696)	(416)	(839)
Order intake	2 051	2 809	11 374	9 472	10 727
Order backlog	16 233	19 358	16 233	19 358	16 451
Employees	2 833	2 947	2 833	2 947	3 002

¹The Upstream segment reporting includes Kvaerner's share (proportionate consolidation) of jointly controlled entities closely related to Kvaerner's operating activities.

Operating revenue from the Upstream segment totalled NOK 3 615 million in third quarter 2015, compared to NOK 4 981 million in third quarter 2014. The reduction is mainly explained by lower activity within business area Topsides, where larger projects are recently finalised. Activity has also been lower within Concrete Solutions, while Jackets is increasing its activity compared to recent quarters. EBITDA amounted to NOK 166 million, resulting in an EBITDA margin for the quarter of 4.6 percent, compared to EBITDA of NOK 212 million and 4.3 percent EBITDA margin in third quarter 2014. The margin improvement mainly reflects successful closeout of finalised projects and phasing of projects. Recently awarded projects are yet not recognising margin.

NCOA at the end of third quarter 2015 was negative NOK 696 million, a reduction of NOK 361 million during the quarter. The disputed Nordsee Ost project is still tying up working capital until the arbitration is resolved.

Order intake of NOK 2 051 million in the quarter reflects growth in existing contracts as well as small orders. Order backlog was NOK 16 233 million at the end of the quarter, including scope of work of jointly controlled entities.

Operations

In business area Topsides, the Edvard Grieg offshore hook-up and commissioning project is proceeding according to plan and will be completed by the end of the year. About 1 000 people were on rotation in the project at the end of third quarter. The Johan Sverdrup ULQ topside project has completed the FEED familiarisation report and are now well into the design development and procurement phase.

The Nyhamna onshore project is progressing well, and currently main focus is to have all remaining modules completed and delivered to site. Fabrication on site will gradually pick up and be the main activity going forward. For Topsides and Onshore combined, about 5 000 people were on rotation for the on-going projects at quarter end.

The Hebron gravity based structure (GBS) project is progressing at the Bull Arm Site. The construction activities at the Bull Arm deep water site are continuing with pouring of roof slab at 71 meters height at the end of September and preparations for the shaft slip form operation. Mechanical outfitting activities in the storage cells and center shaft are ongoing.

In the Jacket business the activity level is increasing. Prefabrication for the Johan Sverdrup riser platform jacket has started with sub-suppliers and at the yard in Verdal. The production platform- and drilling platform jackets

for Johan Sverdrup were also awarded to Kvaerner, and engineering and procurement activities are main priorities for these two projects.

Competitiveness and market

Cost reductions and improvements continue and are being combined with a new operating model to be effective from 1 January 2016, as well as further development of competitive delivery models in cooperation with partners and subcontractors. The improvements are being implemented in on-going projects and new tenders. Feedback from customers shows that oil companies emphasise the combination of Kvaerner's significant cost improvements and the company's documented ability to deliver as committed.

Kvaerner shares the view of external market analysts of a long term demand for new offshore platform and onshore plant projects well fit for Kvaerner's expertise. However, the downturn in 2015 is expected to continue in 2016. This means that in the coming year, there are only some few relevant prospects. Most of these prospects identified for the near term are smaller than the historical EPC projects. There is however significant uncertainty in estimating how the markets will develop over the next couple of years but Kvaerner believes that the demand for EPC deliveries will increase after the current low cycle. Kvaerner is already involved in front end work both for unmanned well head platforms, Subsea on a stick®, near shore LNG and other solutions for the Arctic. Timing of international prospects is however uncertain.

Downstream & Industrials segment

In December 2013, Kvaerner sold its onshore construction business in North America. Following the sale, Kvaerner retained the assets and liabilities related to the contract with Longview Power LLC, including any financial effects of the arbitration.

Early January 2015, settlement agreements were reached with Longview Power, LLC and others. Kvaerner received the settlement amount of USD 48 million in February 2015. On 19 October 2015, Kvaerner received the award from the arbitration proceedings against Foster Wheeler North America Corporation, see subsequent events. Refer to note 6 for more information on the remaining claim and note 8 for Summary of financial data.

Unallocated costs

Unallocated costs, which are net corporate costs not directly attributable to the individual segments, amounted to NOK 18 million in third quarter 2015, up from NOK 16 million in second quarter 2015. It is expected that the recurring level of net corporate costs will be approximately NOK 70-80 million annually.

OTHER

Refinancing of long term credit facilities concluded

The credit facility of NOK 3.0 billion maturing in May 2016 was refinanced in July 2015. The outstanding term-loan under the facility was repaid in full in early July and the facility was cancelled. The new syndicated Revolving Credit Facility of NOK 2.0 billion will mature July 2020. The interest terms are NIBOR plus a margin of 2.1-3.5 percent depending on gearing and utilisation, and a commitment fee of approximately 1 percent of undrawn amount. Up-front fees and costs of approximately NOK 20 million will be amortised over five years. Financial covenants are unchanged.

Dividend policy revised

In July, the Board of Directors decided to revise the company's dividend policy to reflect the developments in Kvaerner's long term markets and outlook with immediate effect. The Board's current priorities when proposing the level of dividends are to retain a strong balance sheet and cash position.

"Kvæerner ASA's dividend policy is based on semi-annual dividend payments. Decisions as to dividend payments depend on outlook, liquidity and considerations such as alternative use of cash and strengthening of the company's financial structure. In periods of weak economic conditions, the dividend can be paid out as long as the group's capital structure permits. The Board approves interim dividends based on an authorisation from the General Meeting, while the Annual General Meeting approves the final (and total annual) dividend based on a proposal from the Board of Directors."

Kvaerner awarded Johan Sverdrup drilling platform jacket contract

In September 2015, Kvaerner signed the final contract with Statoil for the delivery of the drilling platform jacket for the Johan Sverdrup field. The jacket is scheduled to be delivered in the spring 2018. At peak, around 250 people will be involved in the project execution. Order intake for this project was recognised in second quarter 2014 in connection with the Letter of Intent being awarded.

Capacity reductions and restructuring costs

Kvaerner continues to drive cost reductions and measures to strengthen competitiveness. The second round of staff reductions was started in October and will reduce the work force by about 100 employees, including attrition. In addition, there are some temporary lay-offs and notices of temporary lay-offs within Topsides and Jackets. Associated costs of NOK 11 million have been expensed in third quarter 2015.

It is expected that additional restructuring and capacity reduction costs will be recognised in fourth quarter. The level of these costs will depend on the outcome of tender activities and the reduction of non-project positions in the revised operating model. As previously communicated, Kvaerner still expects to reduce capacity with 250 to 500 employees in 2015.

Capex

Kvaerner will in 2016 invest NOK 135 million in three new cranes at the facility for steel jackets in Verdal, Norway. The new cranes will contribute to increased competitiveness through better planning and utilisation, as well as a more robust execution model for the three steel jackets for Johan Sverdrup.

SUBSEQUENT EVENTS**Changes in the Board of Directors of Kvaerner ASA**

In July 2015, Trine Sæther Romuld resigned from her position as non-executive Director and Chair of the Board's Audit Committee due to change in employment to a position without opportunity to hold directorships. Following the resignation of Ms Romuld, the Nomination Committee decided not to propose replacing Trine Sæther Romuld before the next General Meeting. In October, Birgit Nørgaard resigned from her position as non-executive Director. The Nomination Committee has been informed about Ms Nørgaard's resignation and will adopt the necessary measures.

Share purchase programme for employees

In October, 2 504 employees (2 439 employees in 2013) in Norway were invited to participate in Kvaerner's third share purchase programme where they were offered to buy shares for up to NOK 60 000 each. The participants in the employee share purchase programme are offered a discount of NOK 1 500 in addition to a price reduction of 25 percent on the share price. The discount of 25 percent has been offered against a three year lock-up period for the shares from the date of delivery. Deadline for subscription is 16 November 2015.

Semi-annual dividend of NOK 0.15 per share paid 23 October 2015

In July 2015, The Board of Directors resolved to approve a semi-annual dividend of NOK 0.15 per share. This was in line with the company's amended dividend policy and pursuant to the power of attorney to approve the distribution of dividend granted to the Board by the Annual General Meeting on 9 April 2015. The dividend was paid 23 October 2015 to shareholders of record as per 12 October.

Contract for the Johan Sverdrup process platform jacket

In October 2015, Kvaerner signed a contract with Statoil for the delivery of the process platform jacket for the Johan Sverdrup field. The agreement has an estimated value of approximately NOK 1 billion. The jacket is scheduled to be delivered in the summer 2018. At peak in 2017, a total of 180 people will be involved in the project execution.

Longview project arbitration award

On 19 October 2015 Kvaerner North American Construction, Inc. (a subsidiary of Kvaerner) received the award from the arbitration proceedings against Foster Wheeler North America Corporation related to the Longview project delivered in 2011. Under the award, Kvaerner North American Construction Inc. shall receive USD 74 million in cash from Foster Wheeler North America Corporation. The award does not have any material effect in Kvaerner's third quarter 2015 accounts as the award is in line with the book value of the claim. The financial

effects of the award are subject to the other party not challenging the award and are expected to be recognised in Kvaerner's accounts when final payment is received.

Revised operating model and executive management changes

Kvaerner will change to a matrix based organisation model from 1 January 2016 with enhanced focus on project execution. The current business area structure is removed and the revised operating model will provide clearer roles and accountabilities. The aim is to increase productivity through better internal cooperation and use of common resources. Simultaneously, cost savings can be enabled by fewer man-hours spent on internal processes. As part of the revised model, there will be changes to the executive management team from 1 January 2016. The new executive management team chart will be available at www.kvaerner.com/emt.

PRINCIPAL RISKS AND UNCERTAINTIES

Operational risk is the ability to deliver existing contracts at the agreed time, quality, functionality and cost. Delivering projects and equipment in accordance with contract terms and anticipated cost framework represents a substantial risk element, and is the most significant factor affecting Kvaerner's financial performance. Results also depend on costs, both Kvaerner's own and those charged by suppliers, and on interest expenses, exchange rates and customers' ability to pay. For an overview of major current legal disputes, see note 6 to the interim accounts.

Kvaerner has established guidelines and systems to manage its exposure in the financial markets. These systems cover currency, interest rate, counterparty and liquidity risks. Kvaerner works systematically with risk management in all its business areas, and has extensive systems and procedures in place. Other relevant risk factors are further described in the annual report for 2014.

OUTLOOK

Kvaerner's order book maintains good visibility and a good foundation for further improvements. The market development is however even more challenging to estimate. For 2015, Kvaerner estimates revenue levels of around NOK 15 billion (including revenues from jointly controlled entities) an increase from previous quarters due to adjustments to project phasing and contributions from new contracts.

Fornebu, 5 November 2015

The Board of Directors and President & CEO

Kvæerner ASA

FURTHER INFORMATION**Investor Relations**

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About Kvaerner:

Kvaerner is a leading provider of engineering, procurement and construction (EPC) services, and delivers offshore installations and onshore plants for upstream oil and gas production around the world. Kvaerner ASA, through its subsidiaries and affiliates ("Kvaerner"), is an international contractor and preferred partner for oil and gas operators and other engineering and fabrication contractors. Kvaerner and its approximately 2 900 HSSE-focused and experienced employees are recognised for delivering some of the world's most amazing and demanding projects.

In 2014, the Kvaerner group had consolidated annual revenues of approximately NOK 14 billion and the company reported an order backlog at 30 September 2015 of NOK 16.2 billion. Kvaerner is publicly listed with the ticker "KVAER" at the Oslo Stock Exchange. For further information, please visit www.kvaerner.com.

FINANCIAL CALENDAR 2016

Fourth quarter results 2015	16 February 2016
Annual General Meeting	19 April 2016
First quarter results 2016	3 May 2016
Second quarter results 2016	14 July 2016
Third quarter results 2016	4 November 2016

The dates may be subject to change.

FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

<i>Amounts in NOK million</i>	Q3 2015	Q3 2014	YTD 2015	YTD 2014	FY 2014
Total revenue and other income	2 858	4 004	9 508	10 354	13 945
Operating expenses	(2 670)	(3 810)	(9 111)	(9 701)	(13 117)
EBITDA	187	194	397	653	828
Depreciation and amortisation	(23)	(18)	(60)	(50)	(70)
Goodwill impairment	-	-	-	-	(266)
Operating profit	164	176	337	603	492
Net financial income/(expense)	68	(15)	60	(50)	(105)
Profit/(loss) from equity accounted investees, including impairments	-	0	(0)	(58)	(59)
Profit before tax	232	161	397	494	329
Income tax expense	(137)	(49)	(187)	(165)	(301)
Profit from continuing operations	95	112	210	330	27
Profit/(loss) from discontinued operations	(20)	(12)	38	(72)	(96)
Net profit/(loss)	74	100	247	258	(69)
<i>Attributable to:</i>					
Equity holders of the parent company - Kværner ASA	74	100	247	258	(69)
Earnings per share (NOK)					
Basic and diluted EPS continuing operations	0.35	0.42	0.78	1.23	0.10
Basic and diluted EPS discontinued operations	(0.08)	(0.05)	0.14	(0.27)	(0.36)
Basic and diluted EPS total operations	0.28	0.37	0.92	0.96	(0.26)

<i>Amounts in NOK million</i>	Q3 2015	Q3 2014	YTD 2015	YTD 2014	FY 2014
EBITDA	187	194	397	653	828
EBITDA adjustment for equity accounted investees ¹	(39)	-	(39)	-	-
EBITDA adjusted	148	194	358	653	828

¹ Excluding accounting impact financial items, including embedded derivatives.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK million</i>	Q3 2015	Q3 2014	YTD 2015	YTD 2014	FY 2014
Net profit/(loss) for the period	74	100	247	258	(69)
Items that may be reclassified to profit of loss in subsequent periods:					
Cash flow hedges, net of tax					
- Fair value adjustments recognised in equity	9	0	0	1	(2)
- Reclassified to profit or loss	-	(0)	-	(1)	(1)
Translation differences, foreign operations	82	53	173	58	261
Reclassification of translation differences on repayment of capital	-	-	(129)	-	-
Items that may be reclassified to profit of loss in subsequent periods	90	53	43	58	258
Items not to be reclassified to profit of loss in subsequent periods:					
Actuarial gains/(losses) on defined benefit pension plans, net of tax	-	(0)	-	(0)	(27)
Items not to be reclassified to profit of loss in subsequent periods:	-	(0)	-	(0)	(27)
Total other comprehensive income/(loss), net of tax	90	52	43	58	232
Total comprehensive income	165	152	290	316	163
<i>Attributable to:</i>					
Equity holders of the parent company - Kværner ASA	165	152	290	316	163

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

<i>Amounts in NOK million</i>	30.09.2015	30.09.2014	31.12.2014
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	697	739	736
Intangible assets	883	1 095	850
Deferred tax asset	18	94	123
Investments in associates and jointly controlled entities	114	128	288
Interest-bearing receivables	2	3	2
Other non-current assets	9	29	11
Total non-current assets	1 724	2 088	2 010
<i>Current assets</i>			
Trade and other receivables	2 332	4 422	3 268
Prepaid company tax	31	95	31
Total cash and bank	1 043	1 045	1 208
Retained assets of business sold	618	769	906
Total current assets	4 024	6 331	5 414
Total assets	5 748	8 420	7 424
Equity and liabilities			
<i>Equity</i>			
Share capital	91	91	91
Share premium	729	729	729
Retained earnings	1 366	1 808	1 309
Other reserves	250	35	208
Total equity	2 436	2 663	2 337
<i>Non-current liabilities</i>			
Interest-bearing loans	0	485	487
Employee benefit liabilities	210	184	176
Total non-current liabilities	210	669	664
<i>Current liabilities</i>			
Trade and other payables	2 795	4 789	4 109
Tax liabilities	85	110	182
Provisions	175	148	81
Retained liabilities of business sold	45	40	51
Total current liabilities	3 101	5 087	4 423
Total equity and liabilities	5 748	8 420	7 424

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

<i>Amounts in NOK million</i>	Total paid in capital	Retained earnings	Other reserves	Total equity
Equity as of 31 December 2013	820	1 715	(24)	2 511
Profit for the period 1 January to 30 September 2014	-	258	-	258
Other comprehensive income	-	-	58	58
Total comprehensive income	-	258	58	316
Dividend	-	(164)	-	(164)
Equity as of 30 September 2014	820	1 808	35	2 663
Profit for the period 1 October to 31 December 2014	-	(327)	-	(327)
Other comprehensive income	-	-	173	173
Total comprehensive income	-	(327)	173	(154)
Dividend	-	(172)	-	(172)
Equity as of 31 December 2014	820	1 309	208	2 337
Profit for the period	-	247	-	247
Other comprehensive income	-	-	43	43
Total comprehensive income	-	247	43	290
Employee share purchase programme	-	(11)	-	(11)
Dividend	-	(180)	-	(180)
Equity as of 30 September 2015	820	1 366	250	2 436

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in NOK million</i>	Q3 2015	Q3 2014	YTD 2015	YTD 2014	FY 2014
Profit before tax continuing operations	232	161	397	494	329
Profit before tax discontinued operations	(20)	(20)	39	(92)	(117)
Profit before tax total operations	211	141	435	403	212
Depreciation, amortisation and impairment	23	18	60	50	336
Taxes (paid)/refund	(33)	49	(179)	20	(16)
Other cash flow from operating activities	329	(106)	300	(645)	(339)
Cash flow from operating activities	531	102	617	(172)	193
Capital expenditure	(18)	(17)	(55)	(121)	(157)
Change in other long term investments	(0)	(0)	2	(14)	(13)
Cash flow from investing activities	(18)	(17)	(54)	(135)	(171)
Instalment borrowings	(500)	-	(500)	-	-
Dividends	-	-	(180)	(164)	(336)
Other cash flow from investing activities	(23)	(14)	(55)	(31)	(34)
Cash flow from financing activities	(523)	(14)	(736)	(195)	(370)
Translation adjustments	5	2	7	2	11
Net increase/(decrease) in cash and bank deposits	(6)	73	(165)	(500)	(337)
Cash at the beginning of the period	1 048	972	1 208	1 545	1 545
Cash at the end of the period	1 043	1 045	1 043	1 045	1 208

SEGMENT INFORMATION

Following the sale of Kvaerner's onshore construction business in North America in December 2013, remaining legacies within the segment are presented as discontinued operations in the group's financial statements.

Consequently, Kvaerner only have one reportable segment; Upstream. Up until year-end 2014, the Upstream segment included the business areas Contractors Norway, Jackets, Concrete Solutions and Contractors International. As from 2015, the Upstream segment includes the business areas Topsides, Onshore, Jackets and Concrete Solutions. Previous business area Contractors International has mainly been integrated as part of business area Topsides. The Upstream segment reporting includes Kvaerner's share (proportionate consolidation) of jointly controlled entities closely related to Kvaerner's operating activities.

Amounts in NOK million	Upstream		Group activities and eliminations		Consolidated	
	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014
Total external revenue and other income	3 592	4 974	(734)	(970)	2 858	4 004
Internal revenue	23	7	(23)	(7)	-	-
Total revenue and other income	3 615	4 981	(757)	(977)	2 858	4 004
EBITDA	166	212	21	(18)	187	194
Depreciation, amortisation and impairment	(22)	(18)	(1)	0	(23)	(18)
EBIT	144	194	20	(18)	164	176
Net current operating assets	(696)	(416)	57	(99)	(639)	(515)

Amounts in NOK million	Upstream		Group activities and eliminations		Consolidated	
	YTD 2015	YTD 2014	YTD 2015	YTD 2014	YTD 2015	YTD 2014
Total external revenue and other income	11 519	12 924	(2 011)	(2 570)	9 508	10 354
Internal revenue	64	22	(64)	(22)	-	-
Total revenue and other income	11 583	12 946	(2 075)	(2 592)	9 508	10 354
EBITDA	411	711	(14)	(58)	397	653
Depreciation, amortisation and impairment	(59)	(50)	(1)	0	(60)	(50)
EBIT	352	660	(15)	(58)	337	603

Amounts in NOK million	Upstream	Group activities and eliminations	Consolidated
	FY 2014	FY 2014	FY 2014
Total external revenue and other income	17 522	(3 577)	13 945
Internal revenue	9	(9)	-
Total revenue and other income	17 531	(3 586)	13 945
EBITDA	911	(83)	828
Depreciation, amortisation and impairment	(336)	0	(336)
EBIT	575	(83)	492
Net current operating assets	(839)	(83)	(922)

NOTES

Note 1 General

Kværner ASA (the company) is a company domiciled in Norway. The Kvaerner group consists of Kværner ASA and its subsidiaries.

Note 2 Basis for preparation

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IAS 34 Interim Financial Reporting for interim reporting as adopted by the European Union and additional Norwegian regulations.

Accounting principles

The accounting principles applied in these condensed consolidated interim financial statements are the same as those applied in the Annual accounts 2014.

The interim financial statements are condensed and do not include all the information required by IFRS for a complete set of financial statements and should be read in conjunction with the full year consolidated financial statements for Kværner ASA. The consolidated 2014 financial statements for Kvaerner are available upon request from the company's office at Oksenøyveien 10, Fornebu, Norway or at www.kvaerner.com.

The interim financial statements have not been subject to audit. The functional currency of the entities within Kvaerner is determined based on the nature of the economic environment in which they operate. The functional currency and presentation currency of Kværner ASA is NOK. Numbers are rounded to the nearest million, unless otherwise stated. As a result of rounding differences, numbers or percentages may not add up to the total.

The condensed consolidated interim financial statements reflect all adjustments, consisting only of normal, recurring adjustments that, in the opinion of Kvaerner's management, are necessary for a fair presentation of the results of operations for the periods presented. Operating results for the periods presented are not necessarily indicative of the results that may be expected for any subsequent interim period or annual accounts.

Note 3 Judgments, estimates and assumptions

In applying the accounting policies, management makes judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, significant judgements made by management in applying the group's accounting policies and key sources of uncertainty in the estimates were consistent with those applied for the period ended 31 December 2014.

Note 4 Financial items

<i>Amounts in NOK million</i>	Q3 2015	Q3 2014	YTD 2015	YTD 2014	FY 2014
Net interest income/(expense)	(4)	(9)	(32)	(32)	(46)
Profit/(loss) on foreign currency contracts	(36)	(0)	(34)	(11)	(29)
Foreign currency embedded derivatives impact	122	-	134	(0)	4
Net foreign exchange gain/(loss)	(14)	(5)	(8)	(11)	(34)
Other financial items, net	0	(1)	0	4	0
Net financial income/(expense)	68	(15)	60	(50)	(105)

Loss on foreign currency contracts in the quarter and year to date is related to portfolio of hedging instruments not qualifying for hedge accounting.

Foreign currency embedded derivatives impact in the quarter and year to date is reflecting accounting effect of multicurrency contracts, in line with requirements under IFRS.

<i>Amounts in NOK million</i>	Assets at fair value	Liabilities at fair value	Net fair value YTD 2015
Cash flow hedges	-	(13)	(13)
Embedded derivatives	245	(67)	178
Not hedge accounted	-	(46)	(46)
Total	245	(126)	119

Note 5 Share capital and equity

Kværner ASA has 269 000 000 shares issued each with a nominal value of NOK 0.34.

Kværner currently has no share-based compensation that results in a dilutive effect on earnings per share. Basic and diluted earnings per share have been calculated based on the following number of average shares:

<i>Numbers in thousands</i>	Q3 2015	Q3 2014	YTD 2015	YTD 2014	FY 2014
Shares issued	269 000	269 000	269 000	269 000	269 000
Effect of own shares held	(1 865)	-	(966)	-	-
Average number of outstanding shares	267 135	269 000	268 034	269 000	269 000

Note 6 Contingent events

Given the scope of the group's worldwide operations, group companies are inevitably involved in legal disputes in the course of their activities. Provisions have been recognised based on expected outcome of any disputes and litigation proceedings in accordance with applicable accounting rules. Such provisions are based on management's best evaluations and estimates of a likely outcome of the dispute. However, the final outcome of such disputes and litigation proceedings will always be subject to uncertainties, and resulting liabilities may exceed recognised provisions. The disputes and litigation proceedings are continuously monitored and reviewed, and recognised provisions are adjusted to reflect management's best assessment of most recent facts and circumstances. Litigation and arbitration costs are recognised as they occur.

Significant, current disputes

Longview project

In 2011, arbitration was initiated against Longview and Foster Wheeler North America Corp. related to the Longview project delivered in 2011. Kvaerner's claim was substantial and intended to recover excess construction costs and other damages incurred by Kvaerner North American Construction, Inc. in execution of the project. In first quarter 2015, Kvaerner North American Construction Inc. (a subsidiary of Kvaerner) executed agreements with each of Longview Power, LLC, Siemens Energy Inc. and others regarding the disputes between them in both the arbitration proceedings concerning the Longview Project and the subsequent bankruptcy cases of Longview Power, LLC and received USD 48 million from various parties in first quarter 2015.

On 19 October 2015, Kvaerner North American Construction, Inc. received the award from the arbitration proceedings against Foster Wheeler North America Corporation. Under the award, Kvaerner North American Construction Inc. shall receive USD 74 million in cash from Foster Wheeler North America Corporation. The award is in line with book value of the claim. The financial effects of the award are subject to the other party not challenging the award and are expected to be recognised in Kvaerner's accounts when final payment is received.

Nordsee Ost project

In 2012, arbitration related to the Nordsee Ost project was filed. The last wind jackets for the project were delivered in October 2013. The arbitration process for the project will take time due to high complexity. It is currently not possible to estimate when the arbitration will be finalised.

There is still substantial uncertainty with respect to the final financial outcome of the Nordsee Ost project, and to avoid prejudicing Kvaerner's position, no estimate of the expected final outcome is disclosed.

Note 7 Related parties

The largest shareholder of Kvaerner ASA, Aker Kværner Holding AS, is controlled by Aker ASA (70 percent) which in turn is controlled by Kjell Inge Røkke and his family through TRG Holding AS and The Resource Group AS. In accordance with IAS 24, all entities controlled by Aker ASA, associated companies and joint ventures of Kvaerner and certain other related parties are reported as related parties to Kvaerner.

Kvaerner believes that all transactions with related parties have been based on arm's length terms. The table below gives an overview of aggregated transactions and balances with related parties.

Amounts in NOK million	YTD 2015	YTD 2014	FY 2014
Revenue	313	348	480
Operating expenses, related parties	(1 403)	(1 914)	(2 904)
Interest income/expense	-	0	(0)
Interest bearing loans	-	1	-
Trade and other receivables	90	78	79
Trade and other payables	165	565	302

Transactions and balances include discontinued operations.

Note 8 Discontinued operations – summary of financial data

Following the sale of Kvaerner's onshore construction business in North America in December 2013, remaining legacies within the segment are presented as discontinued operations in the group's financial statements.

The results for the discontinued business are reported separately under the heading Result from discontinued operations in the group's income statement. In the balance sheet, retained assets and liabilities are presented on separate lines.

Amounts in NOK million	Q3 2015	Q3 2014	YTD 2015	YTD 2014	FY 2014
Total revenue and other income	-	0	-	1	4
Administrative and legal expenses	(20)	(21)	(90)	(93)	(121)
EBIT	(20)	(20)	(90)	(92)	(117)
Net financial income/(expense)	(0)	(0)	129	(0)	(0)
Profit/(loss) before tax	(20)	(21)	39	(92)	(117)
Income tax income/(expense)	0	8	(1)	20	21
Profit/(loss) from discontinued operations	(20)	(12)	38	(72)	(96)
Basic and diluted earnings/(losses) per share (NOK)	(0.08)	(0.05)	0.14	(0.27)	(0.36)
Net assets	572	729	572	729	855

Financial income of NOK 129 million year to date is related to foreign exchange accounting effect on repayment of capital in first quarter 2015 with no impact on group equity.

Cash flows from discontinued operations are as follows:

Amounts in NOK million	Q3 2015	Q3 2014	YTD 2015	YTD 2014	FY 2014
Cash flow from operating activities	(9)	(11)	289	(114)	(154)
Cash flow from financing activities ¹	(5)	11	(268)	77	117
Translation adjustments	4	1	5	1	6
Net increase/(decrease) in cash and bank deposits	(10)	1	26	(36)	(32)
Cash at the beginning of the period	60	19	24	56	56
Cash at the end of the period	50	20	50	20	24

¹ Related to movements in intercompany loans and equity

Note 9 Quarterly historical information – continuing operations

Amounts in NOK million	Q3 2015	Q2 2015	Q1 2015	Q4 2015	Q3 2014	Q2 2014
Total revenue and other income	2 858	3 125	3 525	3 591	4 004	2 861
Upstream	3 615	3 794	4 173	4 585	4 981	3 812
EBITDA adjusted	148	109	101	175	194	289
Upstream	166	125	120	200	212	312
EBITDA margin	5.2 %	3.5 %	2.9 %	4.9 %	4.8 %	10.1 %
Upstream	4.6 %	3.3 %	2.9 %	4.4 %	4.3 %	8.2 %
Net profit/(loss) - continuing operations	95	62	53	(302)	112	123
Basic and diluted EPS continuing operations	0.35	0.23	0.20	(1.12)	0.42	0.46
Order intake	2 027	5 674	3 610	1 274	2 801	5 360
Upstream	2 051	5 703	3 620	1 255	2 809	5 372
Order backlog	16 232	17 742	15 840	16 451	19 353	21 507
Upstream	16 233	17 745	15 845	16 451	19 358	21 512
NCOA	(639)	(483)	(541)	(922)	(515)	(624)
Upstream	(696)	(335)	(360)	(839)	(416)	(613)
Net interest bearing deposits and loans	1 044	550	796	722	563	493

¹ Including Kvaerner's scope of work of jointly controlled entities closely related to Kvaerner's operating activities.