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Kvaerner guides for financial results and announces strategic cooperation at Capital Market Update

12 December 2019: During Kvaerner's capital market update presentations today, the company comments on a series of news. The ambition to grow annual revenues above NOK 10 billion within 2023 is confirmed, and it simultaneously repeats that the financial results will in the short term first decline in 2020. The company also guides on several key figures for the operations. In addition, the company today announces strategic cooperation with other leading contractors for joint delivery of future projects.

Key financial figures

Kvaerner today presents the ambition to grow annual revenues to above NOK 10 billion for the year 2023. The company has over the past 15 months communicated that most of the larger new contracts are expected to be awarded in 2020 and 2021. The planned growth towards 2023 reflects the anticipated effects of new contracts.

The period with a slow market for contract awards in 2018 and 2019 is meanwhile expected to cause 2020 annual revenues to decline to a level around NOK 6 billion for the Field Development segment. The EBITDA margin for the year 2020 is estimated to approximately 3 percent, reflecting temporarily declining revenues and that fixed costs are kept stable to position for upturn from 2021. For 2019, Kvaerner anticipates that total annual revenues of about NOK 9.3 billion, with a corresponding EBITDA margin around 5 to 6 percent.

Since today's Kvaerner was listed separately in 2011, the company has had a normalised level for net working capital (NCOA) in a band between minus NOK 500 million to minus NOK 1 500 million. This has been the effect of mainly quite large newbuild projects for oil and gas installations, often with significant pre-payments from customers. Going forward, the company estimate that the contract portfolio will be more diversified in terms of project sizes and types of industries. As an effect, Kvaerner estimates that a new normalized level for net working capital (NCOA) will be in a band between NOK 0 (zero) to negative NOK 1 billion from 2020 and onwards.

Both 2018 and 2019 have been characterised by significant investments in increased productivity, capabilities and competitiveness. Total investments (CAPEX) are estimated to be around NOK 700 million, from start of 2018 up to the end of 2019. From 2020 and forward, the company is expecting a lower investment level.

Levelled revenues from three focus areas implies significant growth in Renewables

In September 2019, Kvaerner announced that it was building its planned growth through a focus on three market areas. The first area is named Process & Structures and serves the market for traditional oil and gas platforms, onshore facilities, decommissioning and marine operations. FPSOs, i.e. floating production vessels, was from September established as a second operating area dedicated to pursuing such projects. The third area, Renewables, was established to pursue and execute projects within offshore wind power, green onshore facilities and other renewable business. It is expected that total income over time will be composed of approximately 1/3 of the revenues from each area.

New Boston office

Compared to the situation over the last two years, a growing share of future projects are expected to be won in international regions. International projects may typically include offshore wind power, FPSOs, onshore facilities, marine operations, decommissioning, etc. Kvaerner has already an established presence in selected international locations. The company is now opening a new office in Boston to pursue and execute renewables projects in the eastern part of the USA.

Strategic FPSO cooperation strengthens competitiveness

Today, Kvaerner also announced a new agreement with Samsung Heavy Industries and Aker Solutions, for joint delivery of upcoming FPSO contracts. The partners have identified several prospects for FPSO field developments which may be started in the coming years, especially in the northern hemisphere. The combined

capabilities of three of the world's leading contractors provide a competitive offering, which has been received positively by potential customers.

Information related to Capital Market update

In relation to today's Capital Market update, Kvaerner publish the material used for the presentation, including short films illustrating ongoing projects and new solutions. The material may also be viewed at Kvaerner's webpage www.kvaerner.com

[Today's presentation may also be followed at webcast.](#)

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About Kvaerner:

Kvaerner is a project execution specialist and a trusted advisor for our clients. We provide engineering, procurement and construction (EPC) services and deliver advanced offshore and onshore installations around the world.

We have offices in seven countries and approximately 2 800 employees. Health, Safety, Security and Environment (HSSE) has the highest priority in our work, and we aim to deliver technology and solutions in a safe and sustainable way. Our passion, experience and expertise realise values for clients and societies. Kvaerner ASA, through its subsidiaries and affiliates ("Kvaerner"), is an international contractor and preferred partner for operators and contractors within oil and gas, renewable energy and in the field of engineering and fabrication.