

Fourth quarter results 2015



Highlights

Fourth quarter 2015

- › Edvard Grieg first oil as scheduled
- › High activity throughout the year
- › Improvements yielding results
- › Order backlog of NOK 14.3* billion
 - Jacket for Sverdrup process platform won

Subsequent events

- › All Nyhamna modules delivered to site
- › Zero dividend proposed



Photo: Lundin Norway

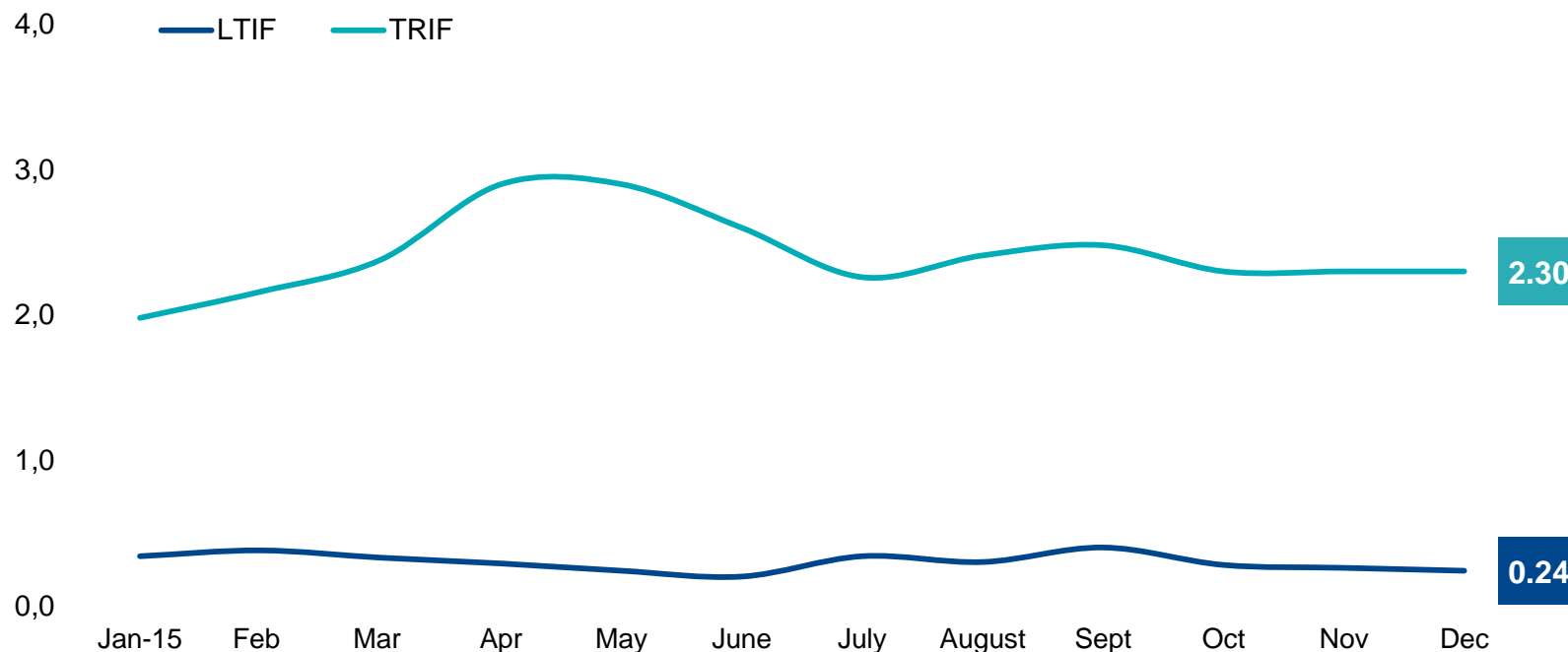
The Edvard Grieg platform started production in November.

* Including scope of work of jointly controlled entities.

HSSE results

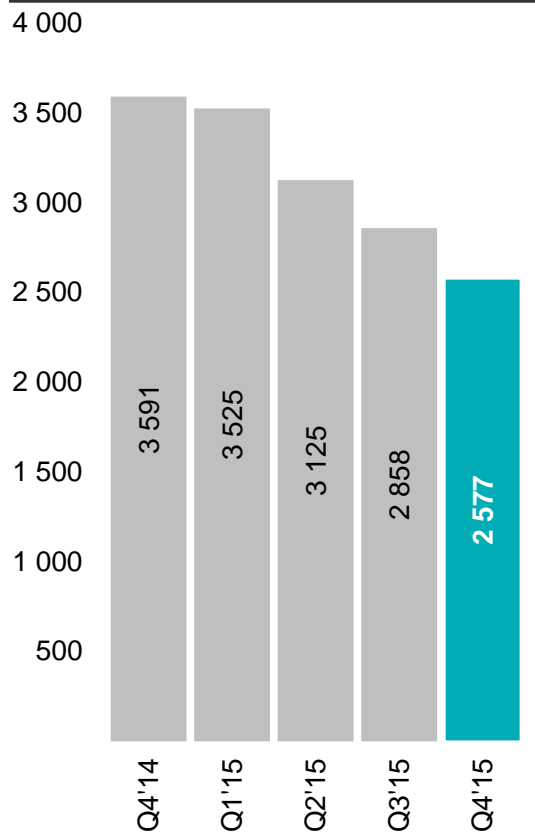
- > Zero lost time injury
- > Twelve serious incidents
- > Close to four million worked hours in the quarter

Lost time incident frequency (LTIF) and Total recorded incident frequency (TRIF)
Per million work hours and 12 months rolling averages

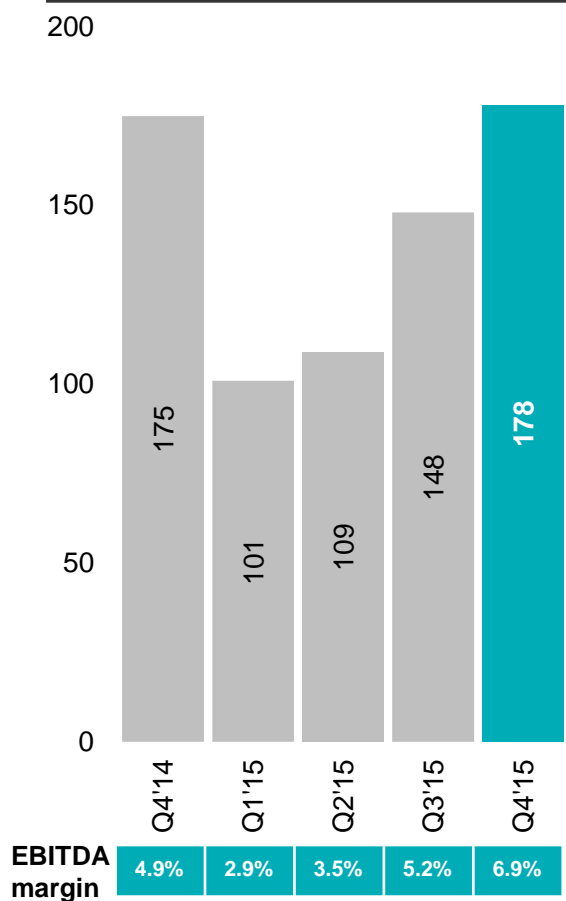


Key financials

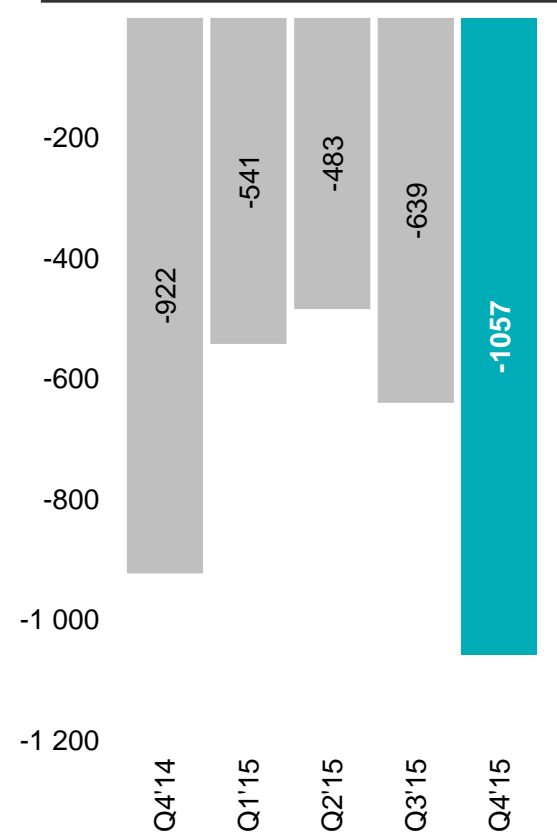
Revenues
NOK million



Adjusted EBITDA¹
NOK million



Net current operating assets
NOK million

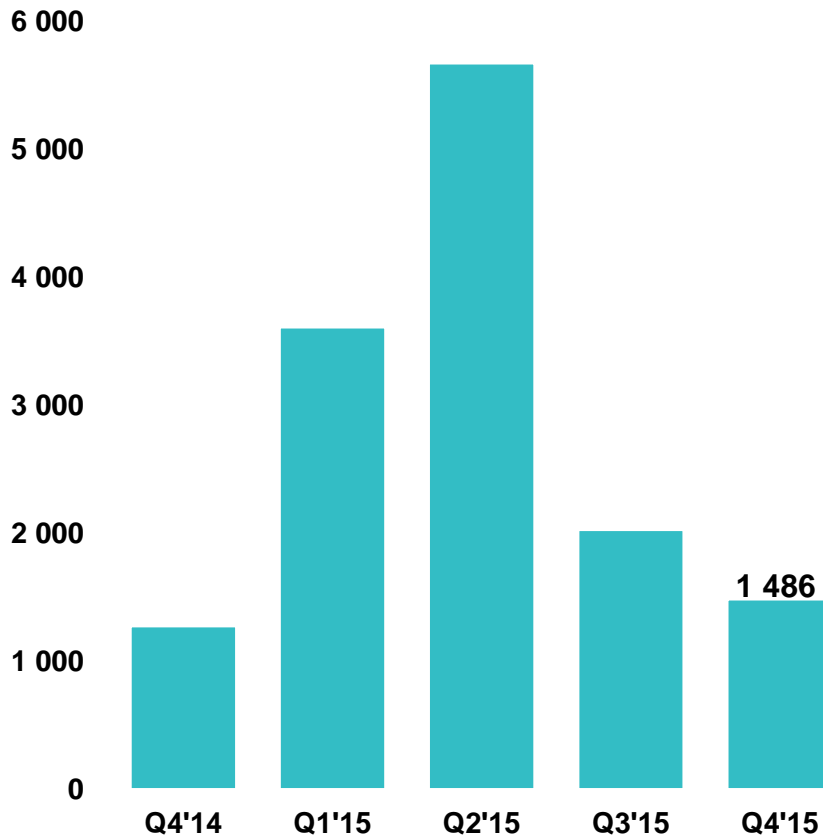


¹ As from Q3 2015, adjusting impact related to embedded derivatives in jointly controlled entities closely related to Kvaerner's operating activities.

Order intake and backlog

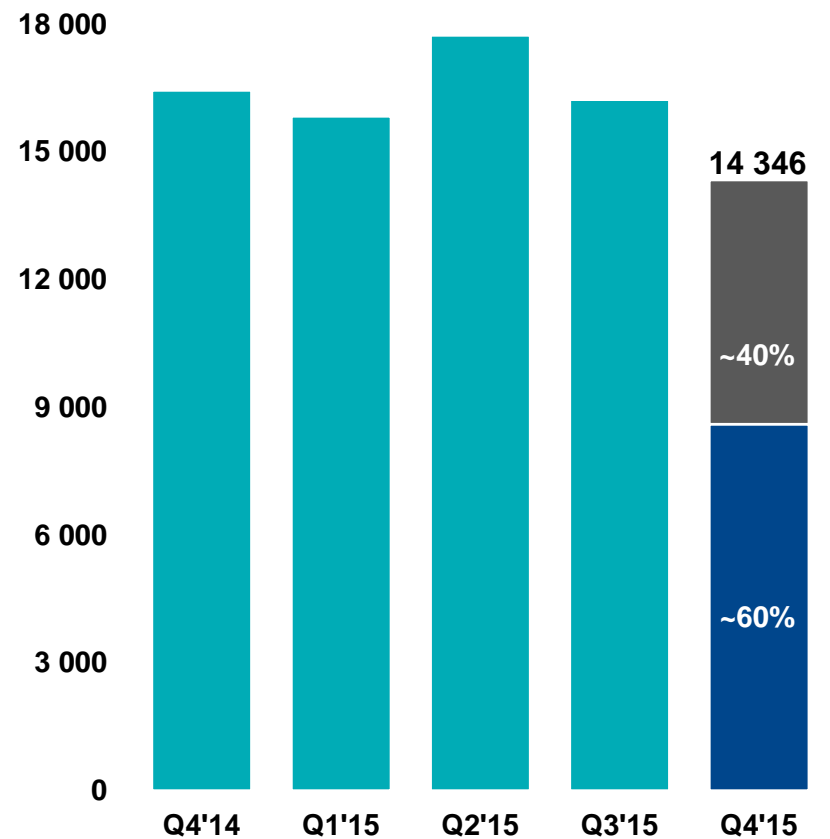
Order intake

NOK million



Order backlog

NOK million



Estimated scheduling as of 31 December 2015:

- For execution in 2016
- For execution in 2017+

Note: All figures include scope of work of jointly controlled entities.

Operational highlights



Photo: A/S Norske Shell

Nyhamna – All modules delivered to site



Johan Sverdrup jackets



Hebron – Center shaft slip form completed



Johan Sverdrup Utility and Living Quarter topside

Fourth quarter financials

Eiliv Gjesdal, Chief Financial Officer

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Income statement

<i>Amounts in NOK million</i>	Q4 2015	Q3 2015	Q4 2014	FY 2015	FY 2014
Total revenue and other income ¹	2 577	2 858	3 591	12 084	13 945
EBITDA	177	187	175	574	828
Adjusted EBITDA ²	178	148	175	536	828
Depreciation and amortisation	(20)	(23)	(20)	(81)	(70)
Goodwill impairment	-	-	(266)	-	(266)
EBIT	156	164	(111)	493	492
Net financial income/(expense)	25	68	(54)	86	(105)
Equity accounted investees, incl. impairments	0	-	(1)	(0)	(59)
Profit/(loss) before tax	182	232	(166)	579	329
Income tax expense	(54)	(137)	(137)	(241)	(301)
Profit/(loss) from continuing operations	128	95	(302)	337	27
Profit/(loss) from discontinued operations	18	(20)	(25)	56	(96)
Net profit/(loss)	146	74	(327)	393	(69)
Adjusted EBITDA margin	6.9 %	5.2 %	4.9 %	4.4 %	5.9 %
Earnings per share (NOK)					
Basic and diluted EPS continuing operations	0.48	0.35	(1.12)	1.26	0.10
Basic and diluted EPS total operations	0.55	0.28	(1.22)	1.47	(0.26)

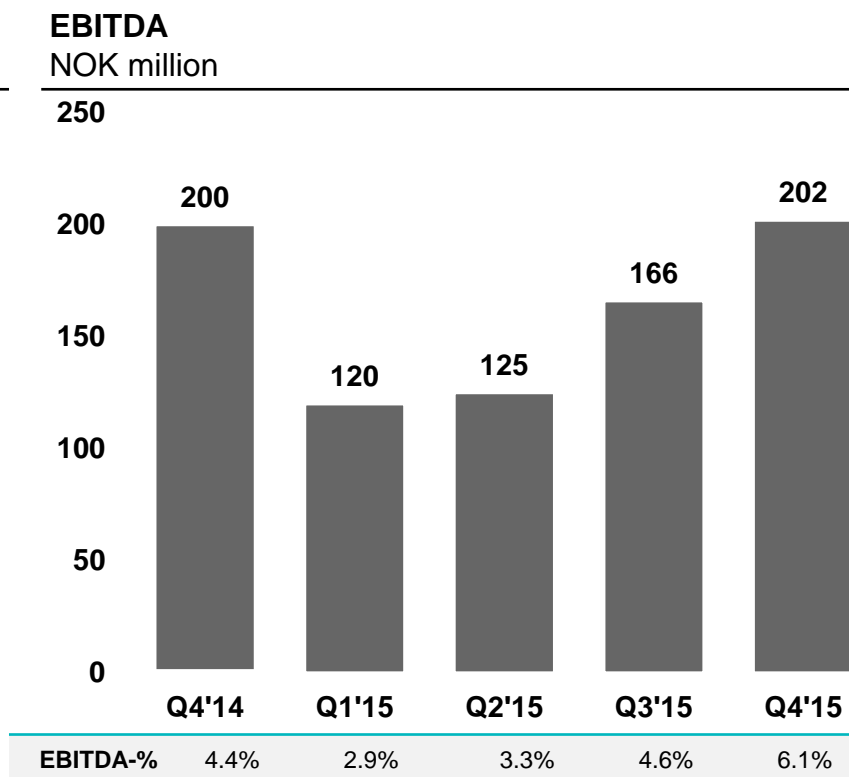
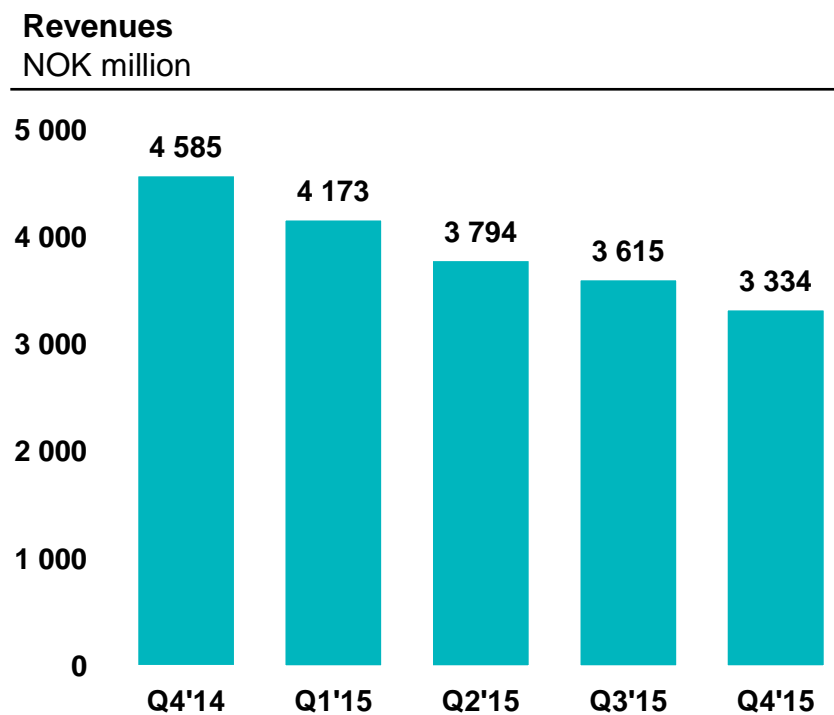
¹ Revenues excluding Kvaerner's scope of work of jointly controlled entities.

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

Upstream review

> Financials

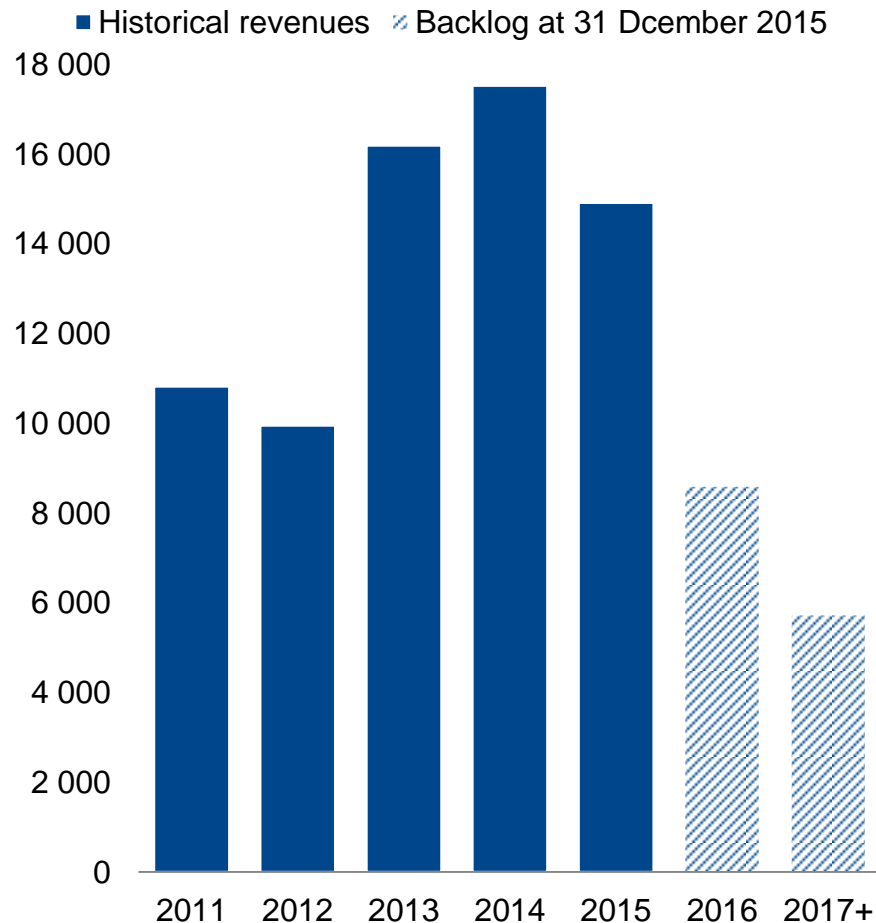
- High activity on several projects
- Riser platform jacket reached 20 percent completion



Note: All figures include Kvaerner's scope of work of jointly controlled entities.

Financial outlook

Revenues and backlog by execution year (31 Dec 2015)
NOK million



Note: All figures include incorporated joint ventures.

> Upstream revenues 2016

- Still substantial volume from Nyhamna and Hebron
- Increasing activity on all Johan Sverdrup projects
- Activity level estimated at around NOK 10 billion

> EBITDA margin 2016

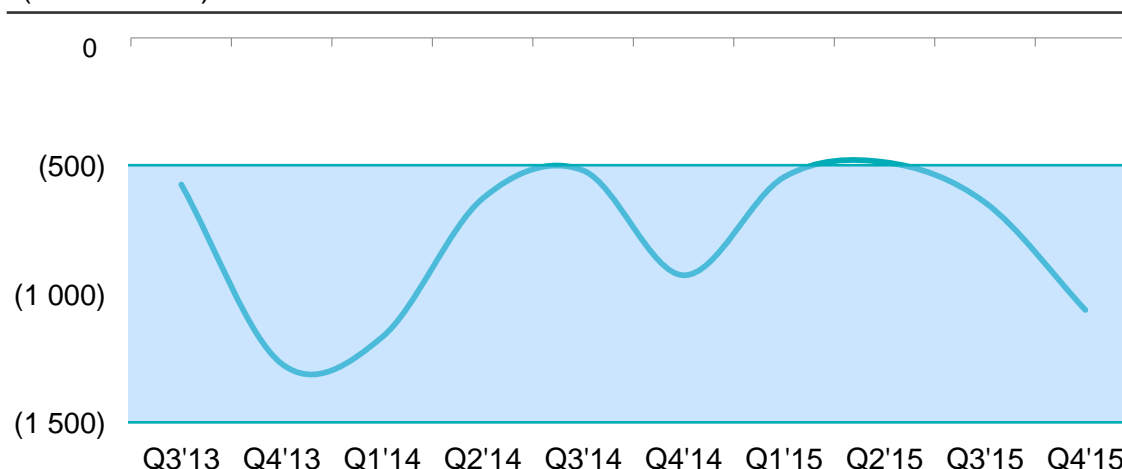
- Improved project portfolio
- Topside activity in own yard gradually picking up from second quarter
- Three projects expected to reach 20% completion in 2H 2016

Cash flow and working capital development

Amounts in NOK million	Q4 2015	Q3 2015	Q4 2014	FY 2015	FY 2014
Cash flow from operating activities	566	531	365	1 183	193
Cash flow from investing activities	3	(18)	(36)	(50)	(171)
Cash flow from financing activities	(51)	(523)	(175)	(786)	(370)
Translation adjustments	(1)	5	9	6	11
Net increase/(decrease) in cash and bank deposits	518	(6)	163	352	(337)

- > Customer pre-payments¹ of NOK 137 million
- > Fluctuations in working capital must be expected
- > Capital tied up in the Nordsee Ost project
- > Capex for new cranes of NOK 135 million in 2016

Net current operating assets (NCOA) – Continuing operations (NOK million)



¹ Invoicing in excess of cost and estimated earnings less amounts billed in advance but not received (on a project by project basis).

Balance sheet

<i>Amounts in NOK million</i>	31.12.2015	30.09.2015	31.12.2014
Assets			
Total non-current assets	1 715	1 724	2 010
Prepaid company tax	-	31	31
Current operating assets	1 740	2 332	3 268
Total cash and bank	1 560	1 043	1 208
Retained assets of business sold	633	618	906
Total assets	5 649	5 748	7 424
Equity and liabilities			
Total equity	2 550	2 436	2 337
Non-current interest-bearing liabilities	-	-	487
Other non-current liabilities	180	210	176
Current operating liabilities	2 797	2 971	4 190
Current tax liabilities	73	85	182
Retained liabilities of business sold	49	45	51
Total liabilities	3 099	3 311	5 087
Total equity and liabilities	5 649	5 748	7 424
Equity ratio	45 %	42 %	31 %
Net cash	1 562	1 044	722

Market and outlook

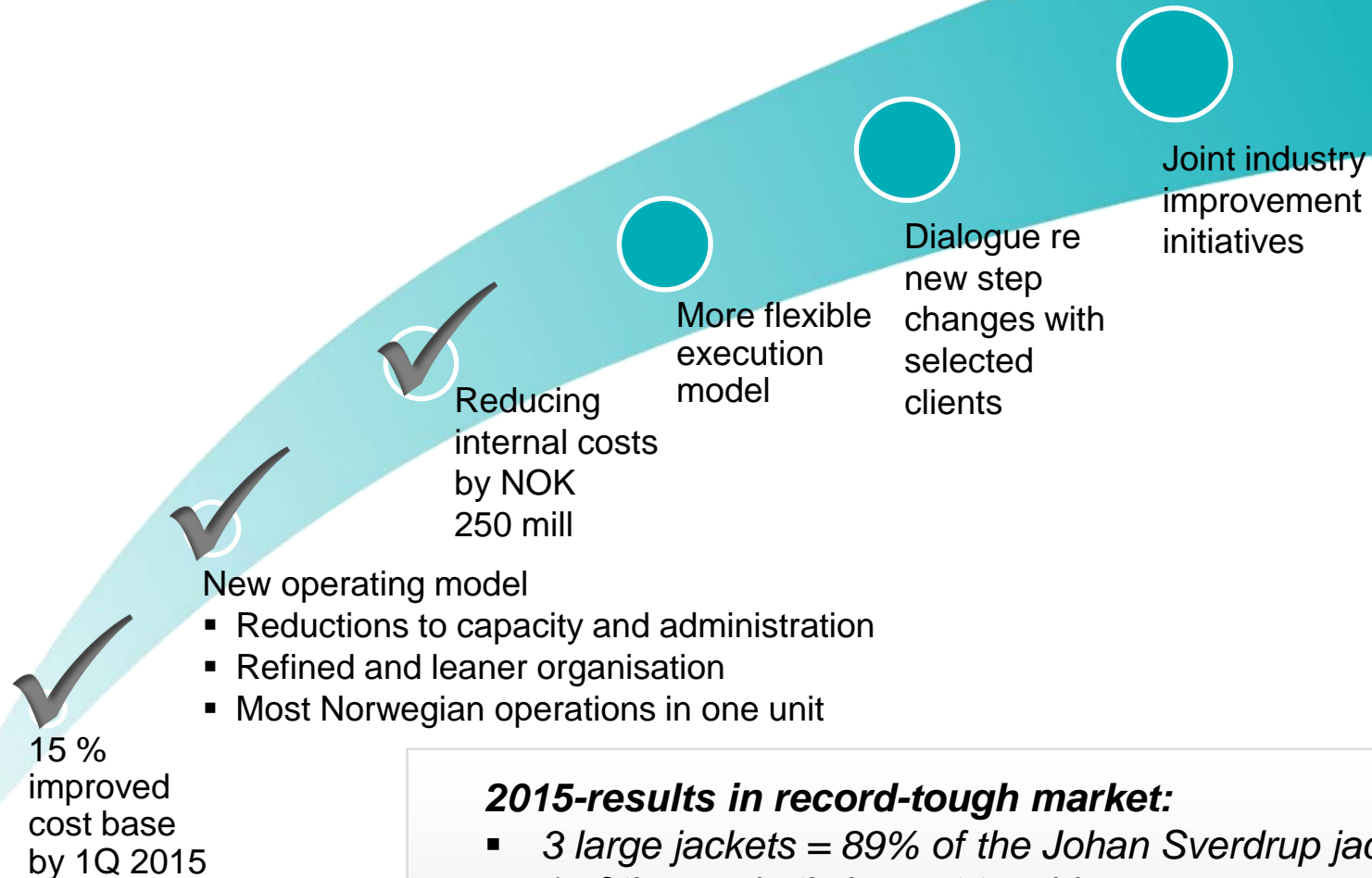


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- Prepared for prolonged challenging market
- Leading customers now use cost reductions to initiate new projects

Strengthened competitive power:

Improvements yields concrete effects



2015-results in record-tough market:

- 3 large jackets = 89% of the Johan Sverdrup jackets
- 1 of the market's largest topsides

Pursuing selected prospects, leveraging strengths

CONCRETE SOLUTIONS



Market leader globally

STEEL JACKET SUBSTRUCTURES



Market leader, Europe

PLATFORM TOPSIDES



Leading position,
Norway + international

ONSHORE OIL AND GAS PLANTS



Market leader, Norway

Near term outlook:

- > Some few prospects, but of a moderate size:
 - Completion, HUC, Decommissioning
 - Modification and upgrade projects for offshore platforms and onshore facilities
 - Arctic projects, including demand for engineering and project management

- > Selected prospects in new markets are being considered

- > Continued challenging market throughout 2016 expected
 - Creates uncertainty for activity level in 2017

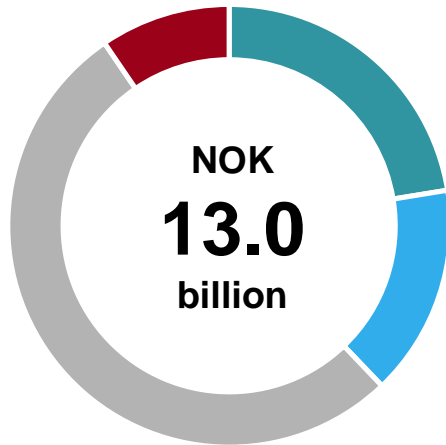
Concluding remarks

- **Predictable execution of existing projects**
 - **Challenging market but some contract opportunities**
 - **Continue to strengthen competitiveness**
- **HSSE – core value and licence to operate**
 - **Maintain and develop home markets**
 - **Develop global delivery model for Norway and abroad**
 - **Hands-on management**

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Revenue distribution – continuing operations

Share of revenues 2013
Percent



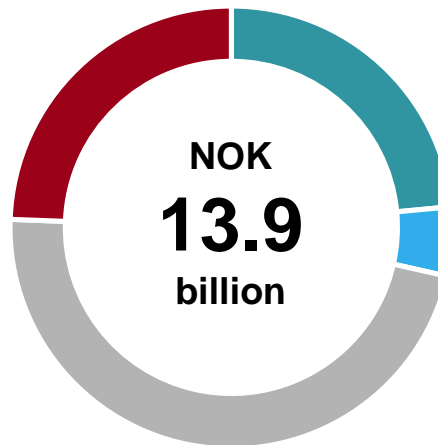
■ Topsides

■ Concrete Solutions

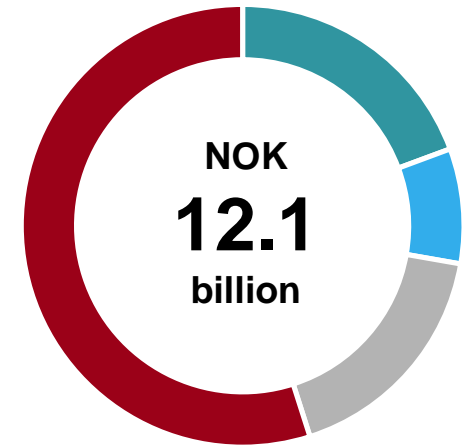
■ Jackets

■ Onshore

Share of revenues 2014
Percent



Share of revenues 2015
Percent



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