

Aker companies investor day, London

Jan Arve Haugan, President & CEO

Eiliv Gjesdal, CFO



This is Kvaerner

CONCRETE SOLUTIONS



Global leader in marine concrete structures

- > Substructures
- > CONDEEP™ GBS
- > Floating concepts
- > LNG terminals

JACKETS



European leader in steel jackets

- > Steel jackets
- > Steel structures
- > Piping technology

TOPSIDES



Leading EPC contractor to the North Sea market

- > Topsides
- > Floating platforms

ONSHORE



Leading Norwegian EPC contractor for onshore plants

- > Upstream plants
- > Treatment facilities

- > 3 000 employees in 8 countries
- > Revenues of ~USD 2 billion (2014)
- > Order backlog of USD 2.3 billion (31 Dec 2014)

HSSE – our licence to operate

- › Open and transparent reporting
- › Continued pro-active focus

HSSE is not only our licence to operate, it is an efficient way to work

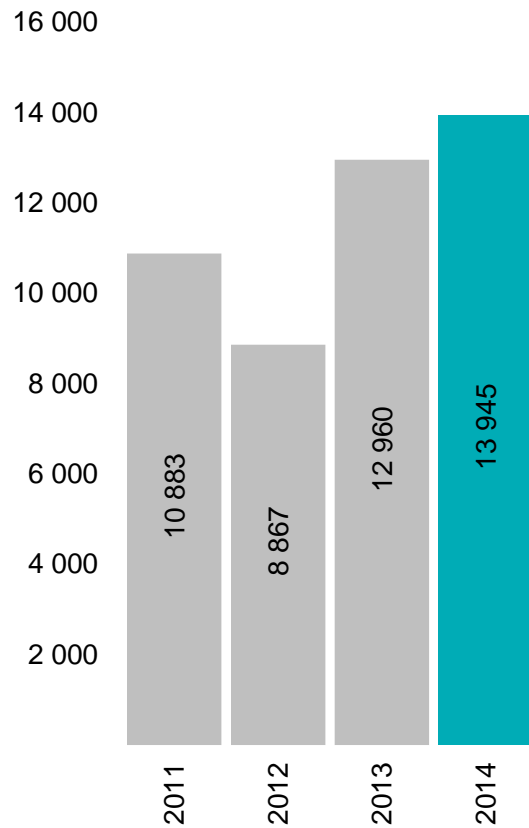


Our competitive edge: Expertise - Execution model - Cost control - Predictability

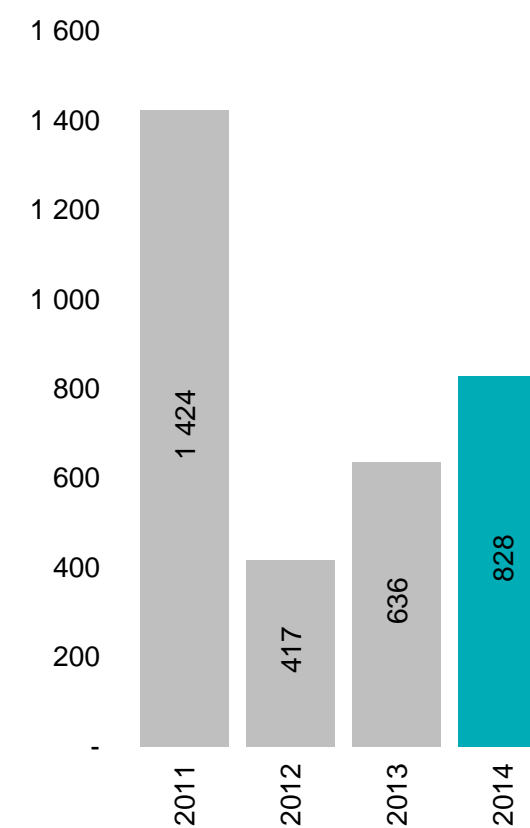


Key financials

Revenues
NOK million

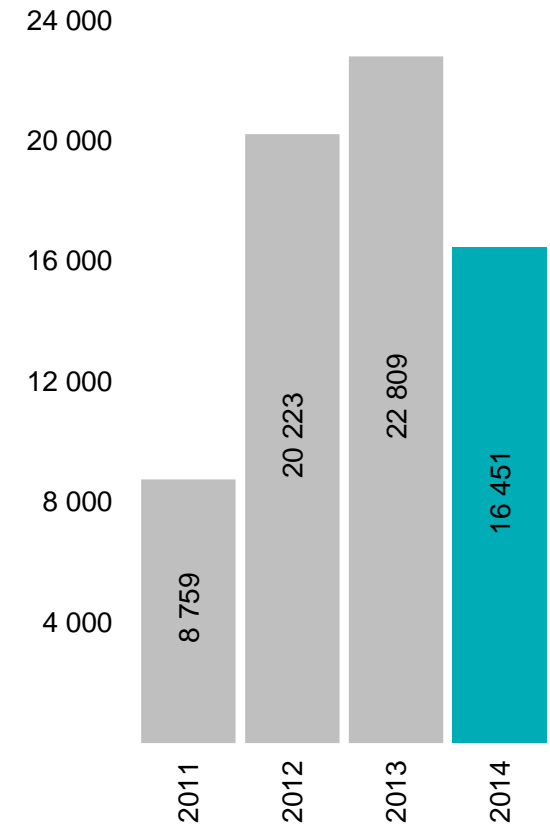


EBITDA
NOK million



Year	EBITDA margin
2011	13.1%
2012	4.7%
2013	4.9%
2014	5.9%

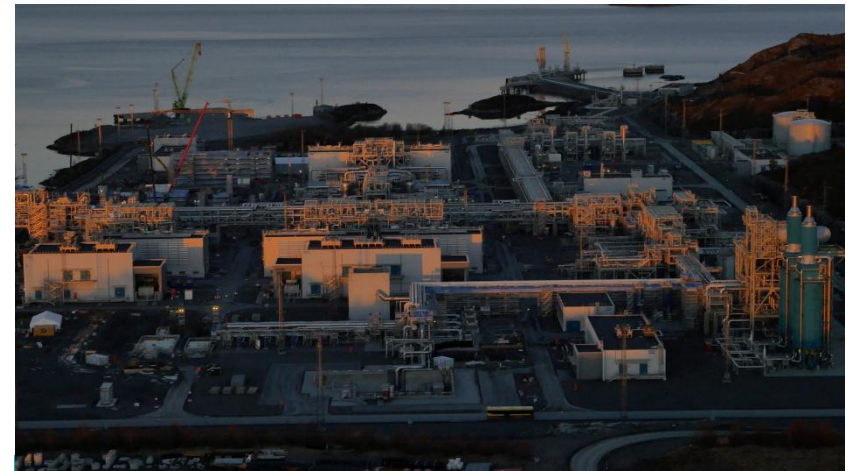
Order backlog
NOK million



All ongoing projects on track for predictable delivery



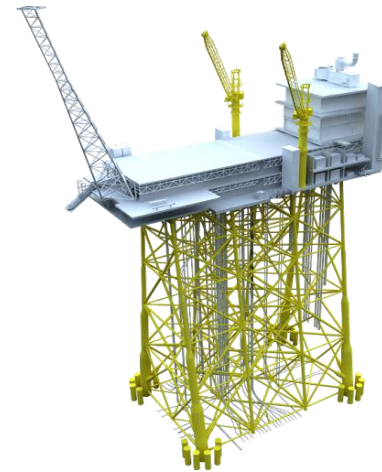
E. Grieg topside – To be delivered mid-April 2015



Nyhamna – Expansion of the gas processing plant



Hebron concrete substructure



Johan Sverdrup riser platform jacket

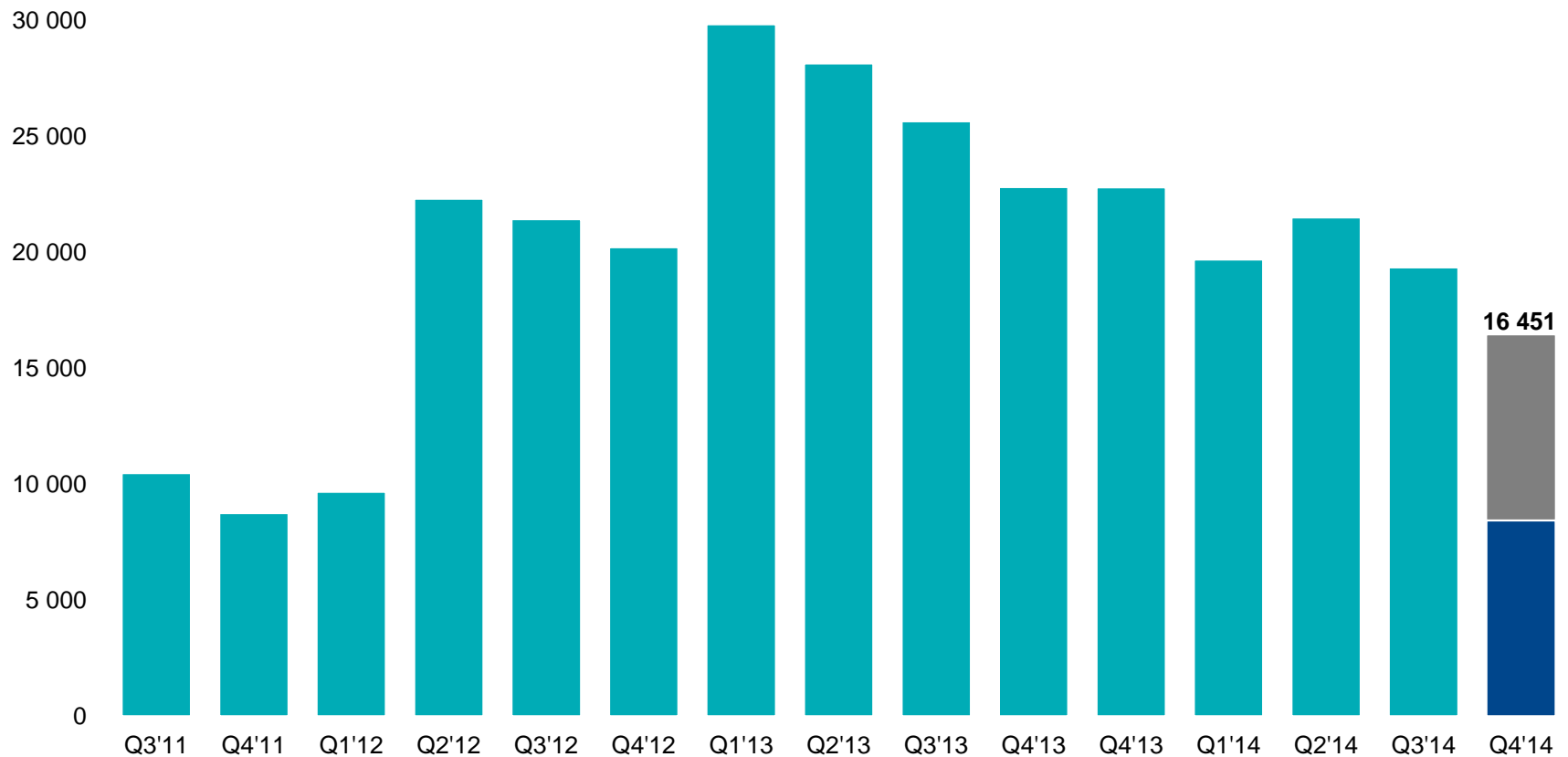
Financial update

Eiliv Gjesdal, CFO

KVÆRNER[™]

Order backlog development

Order backlog NOK million



Note: All figures include incorporated joint ventures.

Q311-Q312 numbers estimated as reported total less reported Downstream & Industrials.

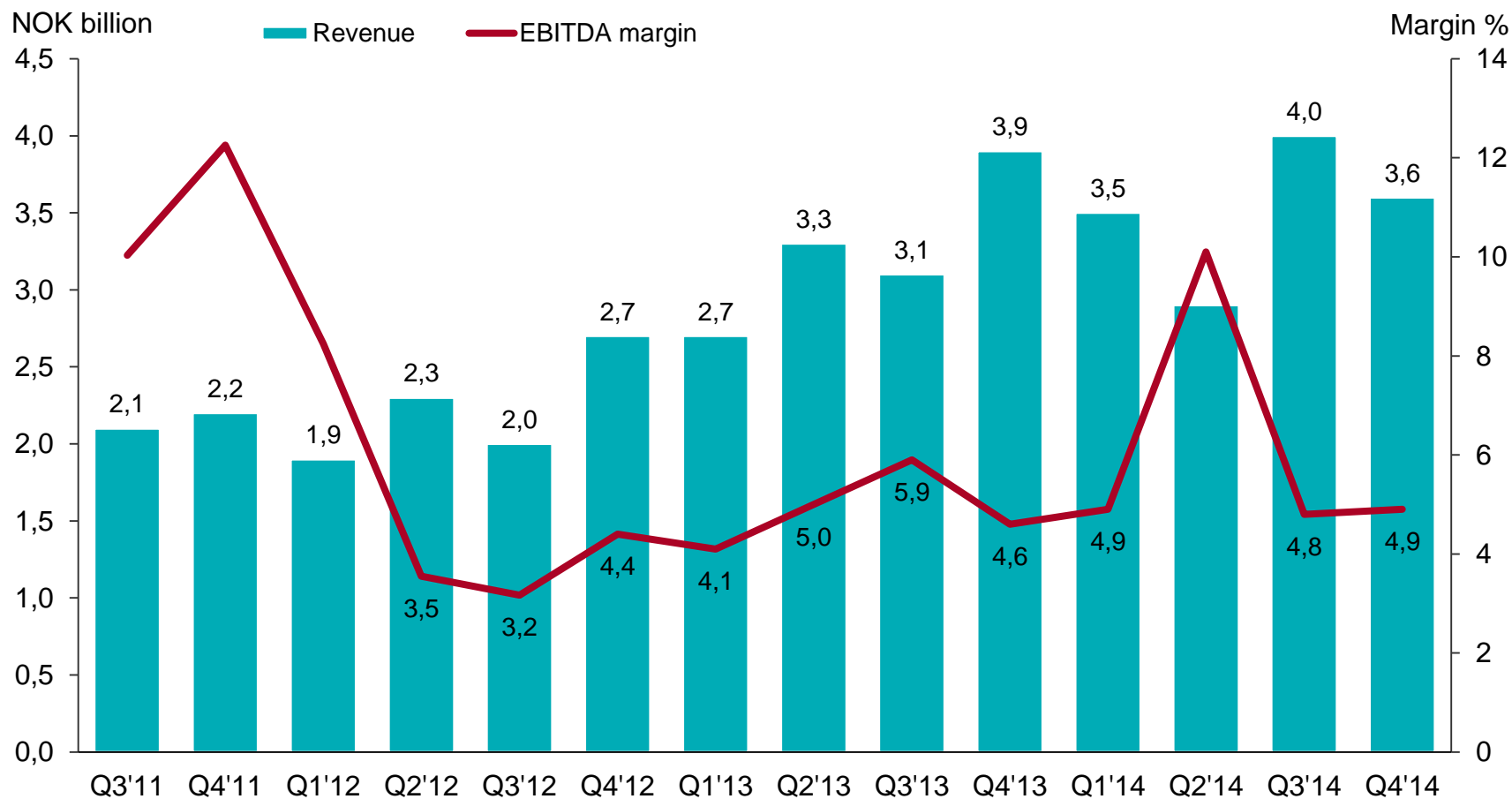
Estimated scheduling as of 31 December 2014:

■ For execution in 2015

■ For execution in 2016 and later

Quarterly development since stock listing

Revenue and EBITDA margin

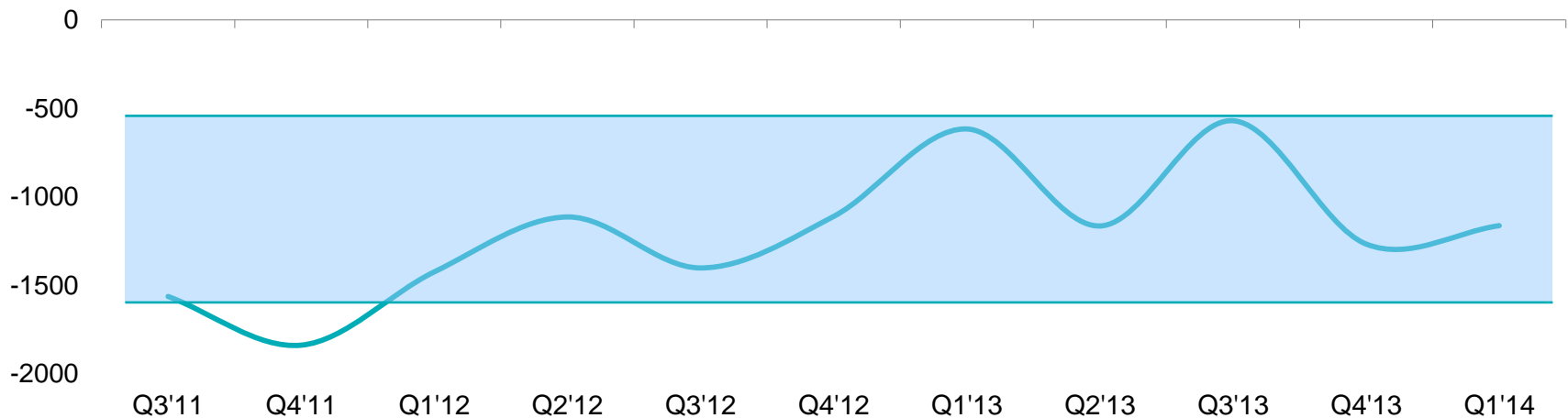


Note: Q311-Q312 numbers estimated as reported total less reported Downstream & Industrial financials

Cash positive, working capital will fluctuate

Net current operating assets (NCOA)

NOK million



> Predictable dividend policy

“Kværner ASA's dividend policy is based on visibility and predictability. The ambition is to pay semi-annual dividends with increases, in order to give a stable and predictable dividend growth, balancing out the underlying volatility of earnings.”

Robust capital structure

<i>NOK million</i>	31.12.2013	31.12.2014
Property, plant and equipment	713	736
Intangible assets	1 080	850
Net current operating assets	-1 266	-922
Net other non interest bearing assets¹	914	950
Net cash	1 069	722
Total equity	2 511	2 337

> Loan facilities of NOK 3 billion

- A NOK 500 million term loan - 3 year - margin of 1.5%-2.5% above NIBOR.
NOK 500 million loan facility extended to May 2016 at improved terms
- A NOK 2.5 billion credit facility - 5 year - margin of 2.1-2.5%

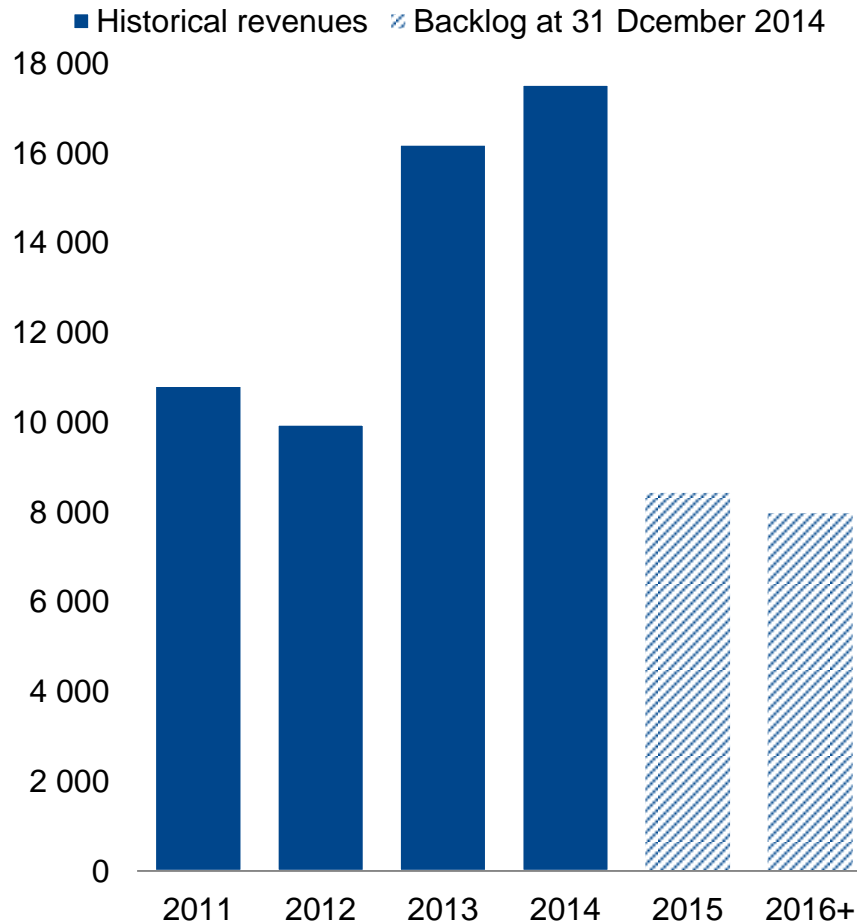
> Purpose of loan facilities

- Buffer for working capital fluctuations
- Available for project guarantees
- Selective international expansion

1) Excluding interest bearing receivables which are included in net cash

Financial outlook

Revenues and backlog by execution year (31 Dec 2014)
NOK million



> Upstream revenues 2015

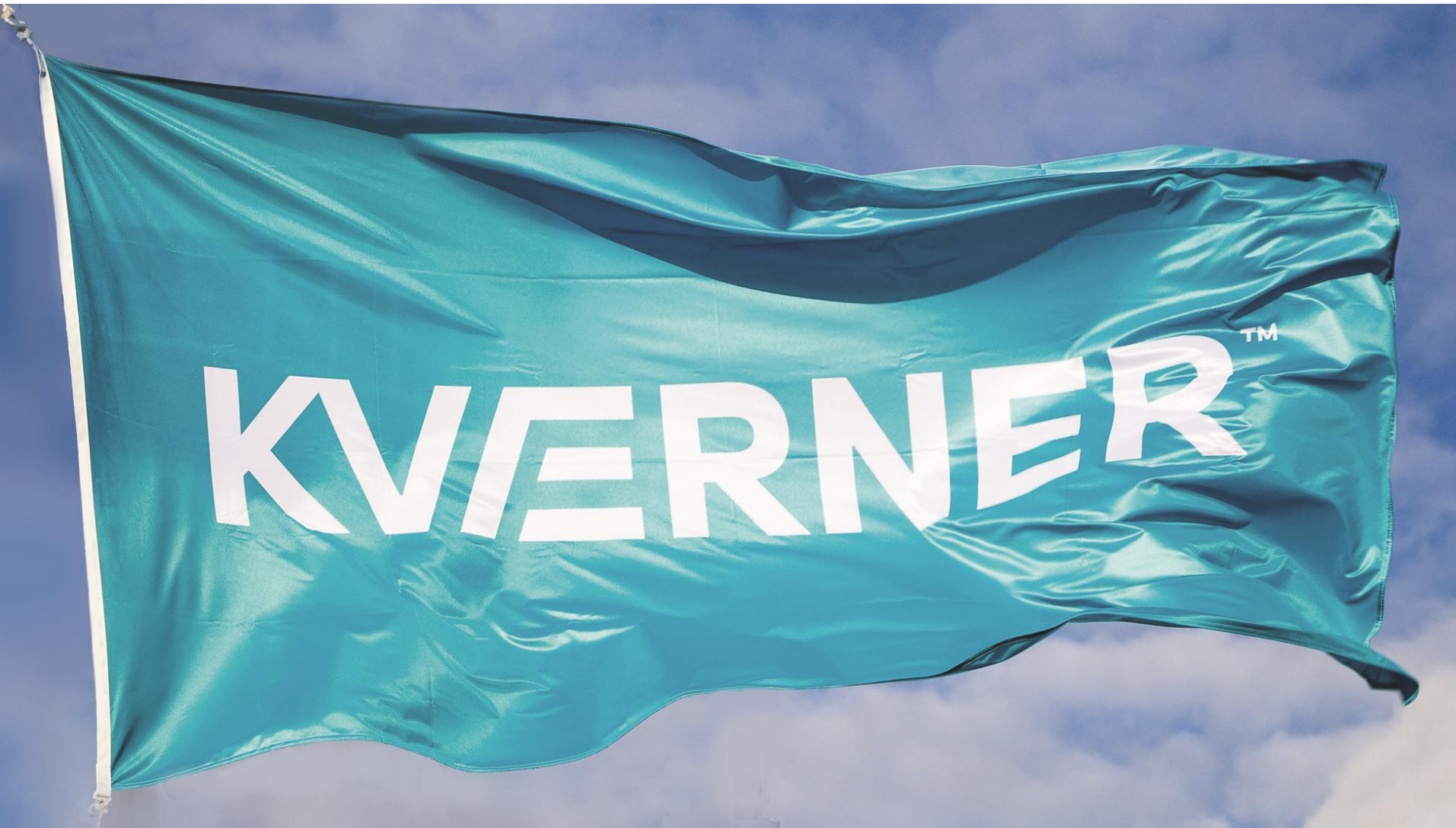
- E. Grieg to be delivered mid-April
- Low activity in Jackets first half year
- Activity level aimed at NOK 10-11 billion

> EBITDA margin 2015

- Challenging first half year
- Project phasing
- International business development
- First Sverdrup jacket expected to reach 20% completion Q4 2015
- New contract awards will have limited margin contribution 2015

Note: All figures include incorporated joint ventures.

Market and outlook

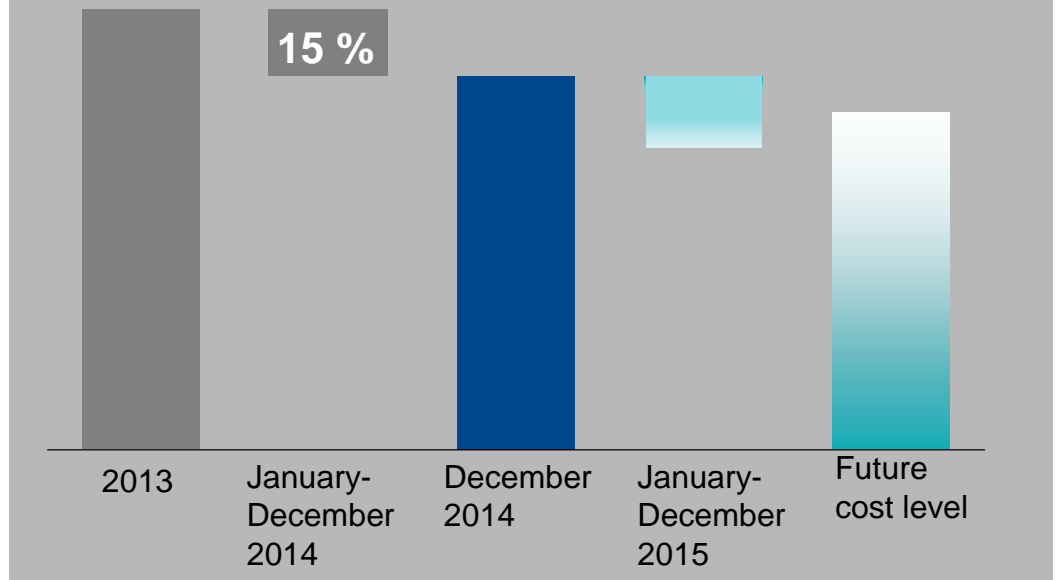


First step: Cost improvements in own operations

 **Improvements in Kvaerner**

- Reduce internal costs
- Increased productivity


Kvaerner's cost level for new EPC projects



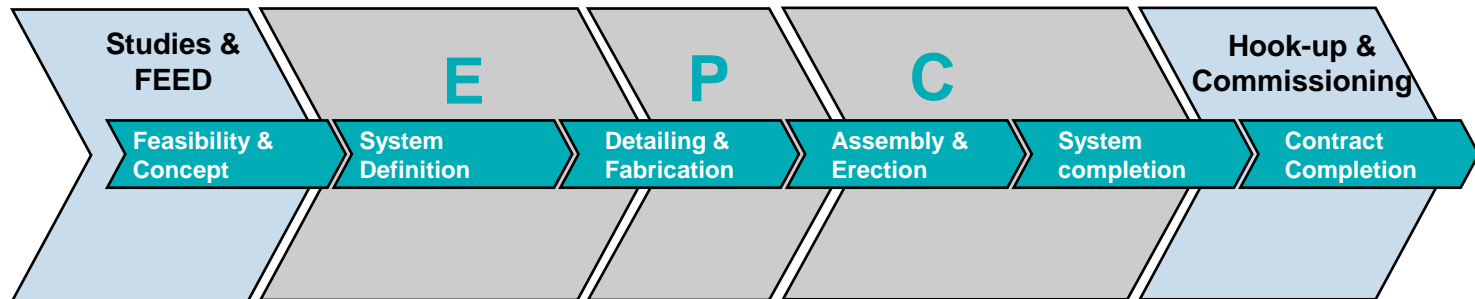
Second step:

Cost improvements in cooperation with partners and subcontractors

 **Improvements in Kvaerner**

 **Improvements which Kvaerner can initiate and control**

- Reduce internal costs
- Increased productivity
- Optimize bulk procurement = 40 percent of procurement
- Suppliers reduce prices
- Optimize delivery model:
- Strategic cooperation with partners, subcontractors



Third step: Industrialising the value chain

Improvements in Kvaerner

Improvements which Kvaerner can initiate and control

Improvements demanding cooperation between industry players and authorities

- Reduce internal costs
- Increased productivity

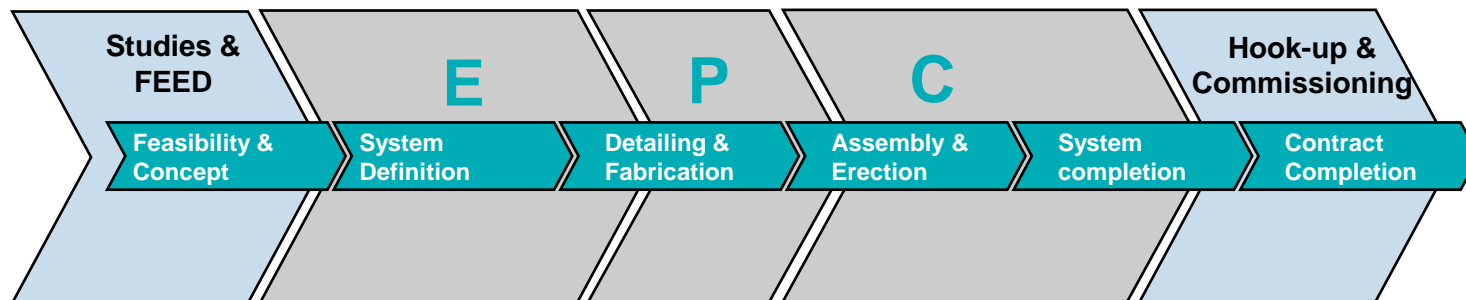
- Optimize procurement = 40% of procurement
- Suppliers reduce prices

- Optimize delivery model:
- Strategic cooperation with partners, subcontractors

- Standardised contract format: Update NTK 07
- Standardise/re-use execution model

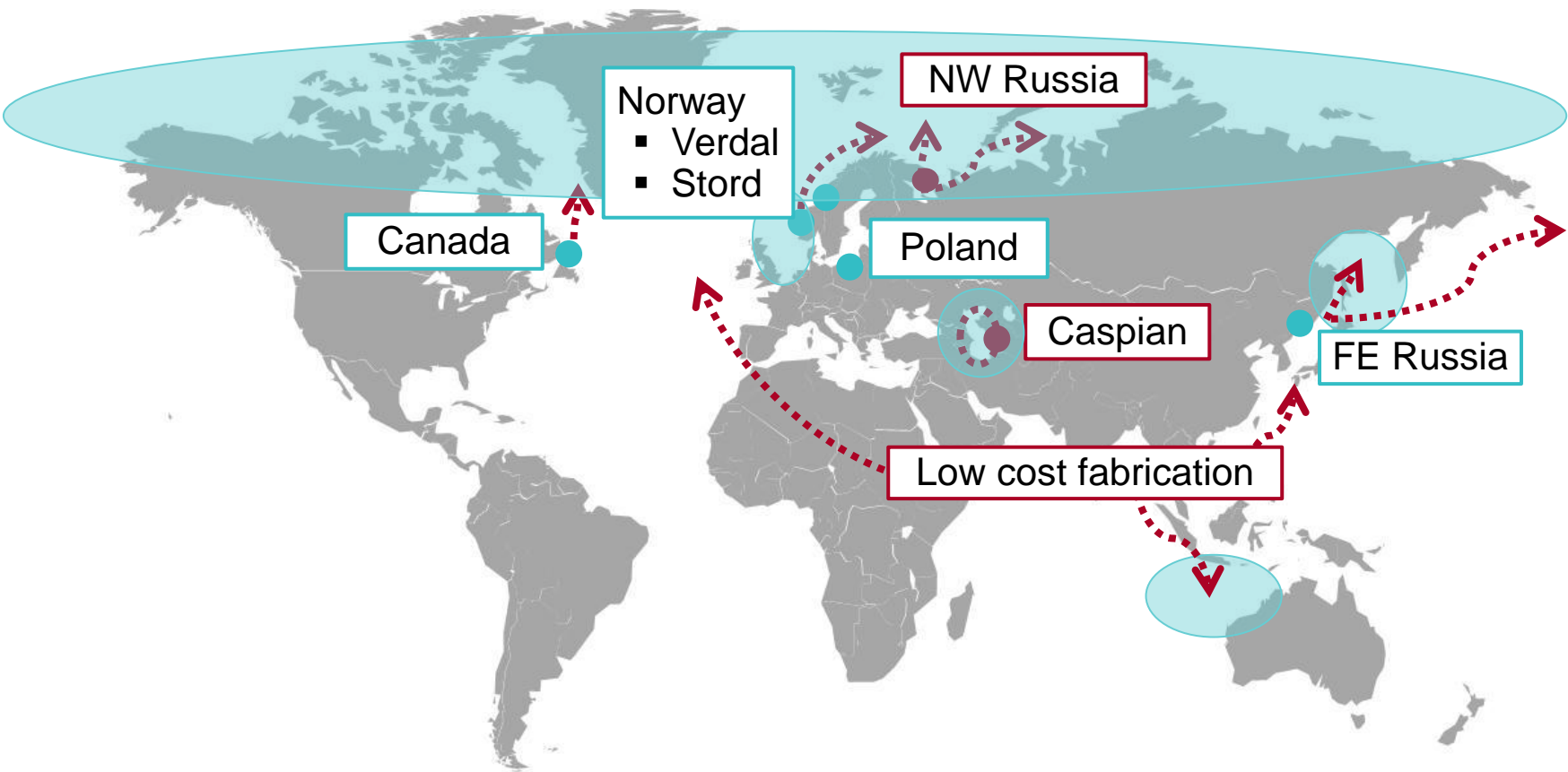
- Reduce demand for documentation

- Develop long-term relationships allowing optimisation through the value chain



Delivery models

Low cost fabrication and strategic partnerships



- Kvaerner current construction sites
- Kvaerner potential future construction sites
- Current target markets

Focused on market segments with positive opportunities

Market outlook

- Short term (2015):
 - Some few key prospects up for award*
- Long term (2015 – 2022):
 - Anticipates several projects well fit for Kvaerner's expertise*
- Medium term (2016 – 2017):
 - Several possible projects, but timing is currently uncertain*

Key prospects: *Some examples*

- Norway / North Sea region:
 - Specific prospects with expected awards in 2015
- Outside North Sea Region:
 - Pursuing specific prospects, timing uncertain

* Sources: Rystad Energy, own contact with customers

Concluding remarks

- **Deliver existing backlog as planned**
 - **Win new contracts**
 - **Step up cost reduction measures**
 - **Develop business - mature adjacent business opportunities**
- **HSSE – core value and licence to operate**
 - **Maintain and develop home markets**
 - **Develop global delivery model for Norway and abroad**
 - **Hands-on management**

THANK YOU!



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