

*Source: Kvaerner ASA*

*February 13, 2018 01:30 ET*

## **Kvaerner ASA: Kvaerner contracts for the Johan Castberg FPSO**

**13 February 2018 - Kvaerner has signed a contract with Statoil for delivery of the topside modules for the Johan Castberg floating production vessel (FPSO), as well as for hook-up and integration of the topside modules with the hull. Kvaerner's scope for the FPSO will at peak involve around 2 000 Kvaerner employees and subcontractor personnel. The contract value is approximately NOK 3.8 billion.**

"We are pleased that we in a strong competition have been selected as contractor for one of the most important projects in the global oil and gas market. Additionally, it is a strategic advantage for Kvaerner that we further develop our expertise for floating production vessels, as several upcoming field development projects are likely to utilise similar concepts", says Kvaerner's President & CEO Jan Arve Haugan.

The Johan Castberg field in the Barents Sea will be developed with a ship-shaped floating production platform (FPSO). Kvaerner's scope includes fabrication of the topside modules, where the majority of the modules will be delivered from Norwegian yards. Kvaerner's state-of-the art facility at Stord will fabricate the modules for gas injection, for the re-compressor and for separation, while the company's specialised facility in Verdal will fabricate the module for seawater handling and the main pipe rack.

As subcontracts to Kvaerner, Aker Solutions' yard in Egersund will deliver the modules for water and chemical injection, while the company's facility in Sandnessjøen will deliver smaller modules and the flare boom.

The hull including living quarter fabricated for Statoil by Sembcorp in Singapore, will be delivered to Kvaerner's facility at Stord in the autumn of 2020. The installation of all modules and integration will start immediately after arrival of the hull. The FPSO will be fully completed including commissioning and testing at Stord before the planned sail-away to the field in the first quarter of 2022.

"This project demonstrates that the improvements we have made to cost and productivity over the past years has strengthened our competitiveness versus other contractors. The industry's step change improvements are also fundamental for making Johan Castberg and other prospects attractive and profitable to develop. This contract provides a foundation for Kvaerner to continue to invest in both our facilities and our organisation, to improve our competitiveness even further", says Haugan.

The initial project planning will start immediately, and fabrication will commence already in the fourth quarter of 2018. The project will have positive effects for a wide range of subcontractors to Kvaerner. Including spin-off effects for subcontractors, service companies, etc., the contract is expected to create work for around 4 800 people.

Kvaerner also plans an investment of around NOK 370 million in a yard upgrade of its facilities at Stord. This upgrade includes a new deep-water quay and extension of the crane rail that will allow the large 1050 ton gantry crane to cover most of the Johan Castberg FPSO. This investment will improve the productivity for assembly and completion of projects like Johan Castberg. It will also increase competitiveness for future projects where it will give substantial benefits to perform integration or upgrading of floating platforms alongside a deep-water outfitting quay with good crane coverage. The investment is pending imminent approval by Kvaerner's Board of Directors.

**Invitation to contract signing ceremony and press conference today at 12:30**

There will be a signing ceremony and press conference at Kvaerner's headquarters at Fornebuporten,

Oksenøyveien 10 at 12:30 today.

Minister of Oil & Energy, Terje Søviknes, Torger Rød from Statoil and Jan Arve Haugan from Kvaerner will participate in the press briefing and be available for questions. The press conference will be held in Norwegian.

Media representatives who wish to attend are requested to register in advance to Torbjørn Andersen, Head of Communications, Kvaerner. Mob: +47 928 85 542 / Email: [torbjorn.andersen@kvaerner.com](mailto:torbjorn.andersen@kvaerner.com)

ENDS

For further information, please contact:

**Investor inquiries:**

Ingrid Aarsnes, VP Investor Relations & Communications, Kvaerner, Mob: +47 950 38 364, email: [ir@kvaerner.com](mailto:ir@kvaerner.com)

**Media inquiries:** Torbjørn Andersen, Head of Communications, Kvaerner, Mob: +47 928 85 542, email: [torbjorn.andersen@kvaerner.com](mailto:torbjorn.andersen@kvaerner.com)

Odd Naustdal, Head of Communications West Norway, Kvaerner, Mob: + +47 905 76 079

Email: [odd.naustdal@kvaerner.com](mailto:odd.naustdal@kvaerner.com)

**About Kvaerner:**

Kvaerner is a leading provider of engineering, procurement and construction (EPC) services, and delivers offshore installations and onshore 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 2 700 HSSE-focused and experienced employees are recognised for delivering some of the world's most amazing and demanding projects.

In 2017, Kvaerner's Field Development segment had consolidated annual revenues of NOK 7.6 billion and the company reported an order backlog at 31 December 2017 of NOK 8.1 billion. Kvaerner is publicly listed with the ticker "KVAER" at the Oslo Stock Exchange. For further information, please visit [www.kvaerner.com](http://www.kvaerner.com).

This information is subject to the disclosure requirements pursuant to section 5 -12 of the Norwegian Securities Trading Act.