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Kvaerner invests to increase productivity and competitiveness

Kvaerner is taking new steps to increase competitiveness and position the company for future growth. At the Group's advanced facilities at Stord, the capacity in the yard area, storage area and offices is expanded. In addition, Kvaerner establishes its own inhouse capacity to supply insulation boxes, which often makes up a significant part of offshore or onshore processing plants. These measures will contribute to more efficient work processes and reduced costs in future projects. In total, the investments amount to around NOK 90 million.

Kvaerner recently announced a growth strategy that will continue to expand the portfolio and focus on new market areas such as wind power and floating production units, in addition to the traditional market areas. The strategy comes in response to a changing market, where, among other things, deliveries of floating production units, onshore plants and offshore wind power projects are expected to constitute a larger share of the business.

Acquiring Stord Industribygg AS

Kvaerner's specialised facilities at Stord will continue to be a power center for project execution. To gain access to more production and warehouse space, as well as office facilities, Kvaerner has purchased Selvaag Bolig ASA's stake in Stord Industribygg Holding AS. The acquisition makes Kvaerner AS the sole owner of the company which, through the subsidiary Stord Industribygg AS, owns the office building at Bleikjehaugen, the camp area at Naustvågen and Kjøtteinståa with the associated buildings. With this transaction, the yard adds an area of 123 000 m² and 10 000 m² of office space. The acquisition will be completed in the third quarter of 2019.

"Selvaag Bolig is pleased that Kvaerner now takes 100 percent ownership of Stord Industribygg Holding AS, as the business of this company is not within Selvaag Bolig's core business, housing development and housing construction", says Sverre Molvik, CFO of Selvaag Bolig ASA.

"Kvaerner's yard at Stord will play a key role in the company's growth strategy. The yard has for decades developed methods and facilities for project execution, and a vast expertise that the company will rely on moving forward. With these investments, we facilitate growth and believe that they will result in increased earnings and better returns for our owners", says CEO Karl-Petter Løken.

"Access to suitable areas and facilities will be important in developing the future of Kvaerner. This investment gives Kvaerner control over the necessary facilities, and will reduce the risks and dependencies associated with external storage, production and office facilities", says Executive Vice President Steinar Røgenes.

Establishes production line for insulation boxes for process plants

Two other measures for increased productivity and competitiveness are the establishment of a new painting hall of 875 m², as well as the establishment of a 1 000 m² production line for insulation boxes, both within Kvaerner's area at Stord. Many of the processing plants Kvaerner supplies require up to several thousand insulation boxes, most of which are manufactured to size, so that the pipes in the system maintain the correct temperature. The purchase of such boxes has been a significant part of previous projects and has often had a long delivery time. The investments in the painting hall and production line will be completed in the third and fourth quarters of 2019.

"By doing this ourselves, we reduce costs significantly, and we reduce delivery time from several weeks to a few hours. This will be an important measure in order to strengthen Kvaerner's competitiveness", says Røgenes.

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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.

In 2018, Kvaerner's Field Development segment had consolidated annual revenues of NOK 7.3 billion and the company reported an order backlog at 30 June 2019 of NOK 9 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>).

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