

First quarter results 2015



Highlights

First quarter 2015

- › Fatal accident at Stord, Norway
- › High tendering activity
- › Capacity and cost reductions
- › Peak activity on Nyhamna onshore project
- › Settlement agreement with Longview Power and other parties
- › Order backlog of NOK 15.8* billion
 - Final contract signed for first Sverdrup jacket
 - FEED for Oseberg Future Subsea on a stick®

Subsequent events

- › Edvard Grieg topside completed on time
- › Dividend of NOK 0.67 per share paid

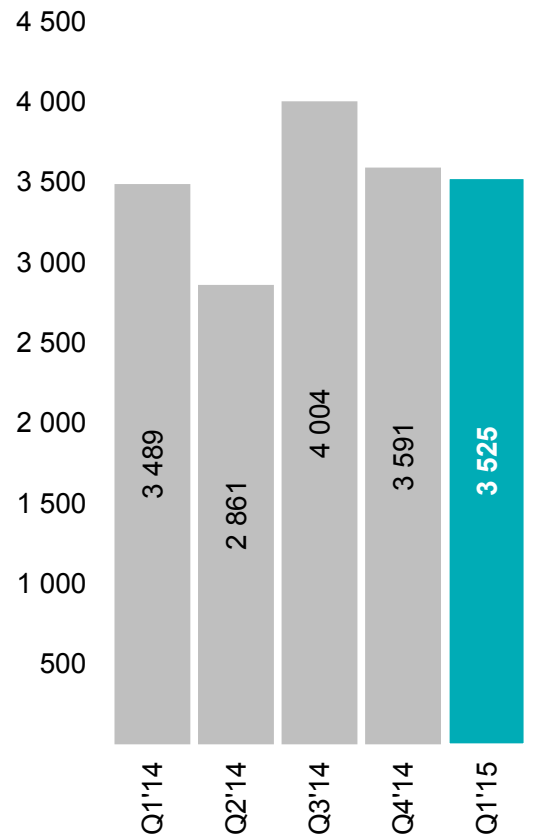
* Including incorporated joint ventures.



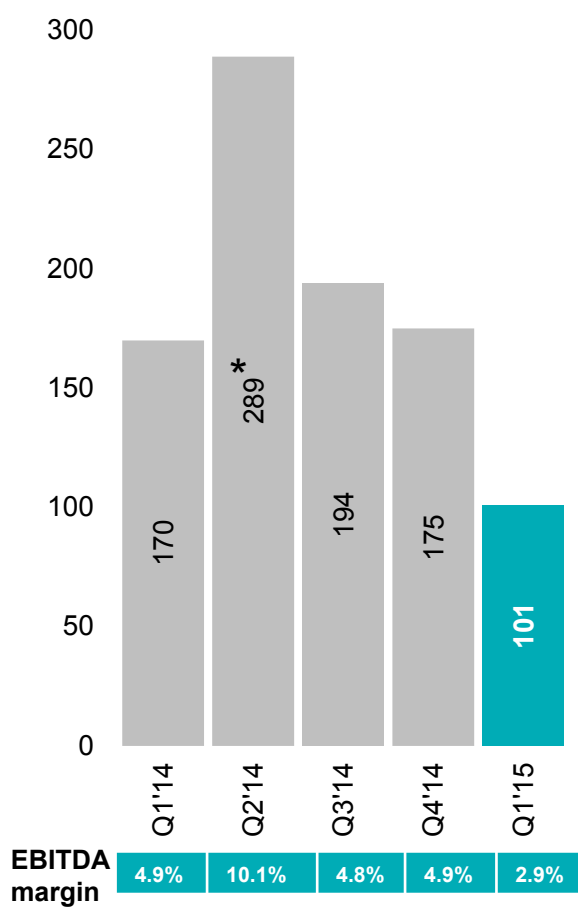
Kvaerner's Subsea on a stick® concept.

Key financials

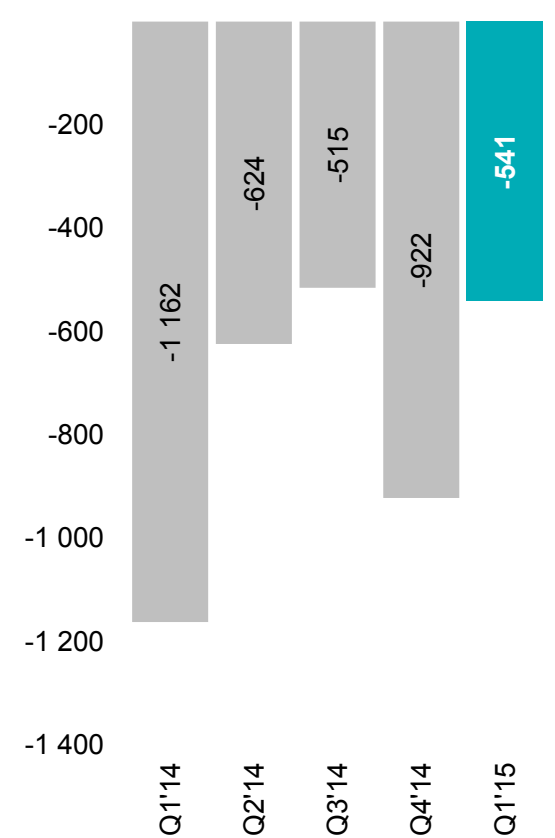
Revenues
NOK million



EBITDA
NOK million



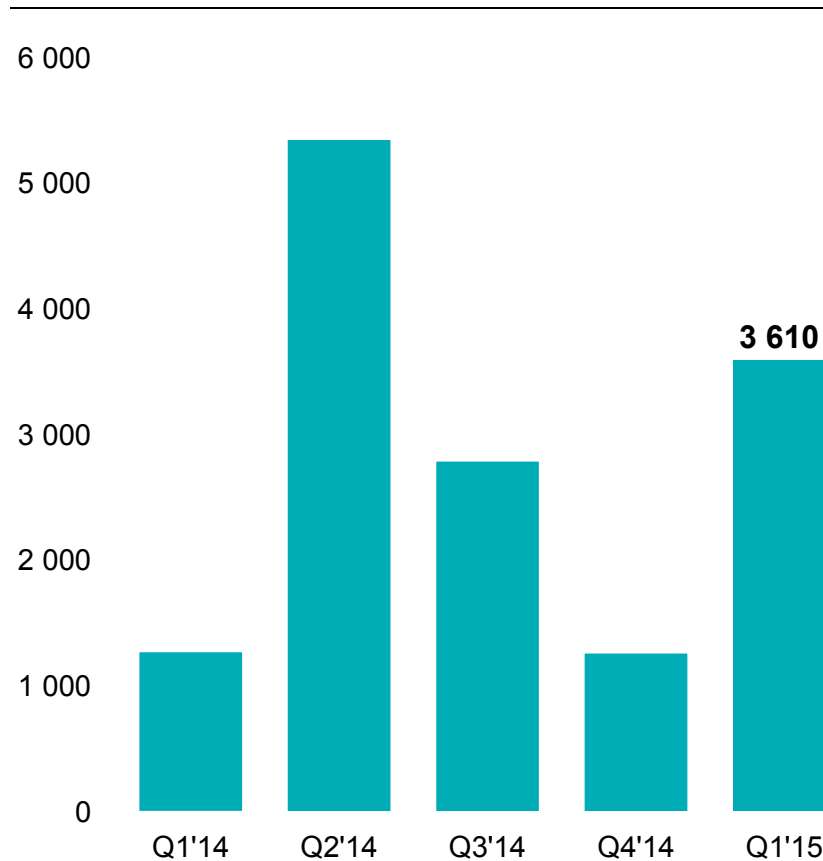
Net current operating assets
NOK million



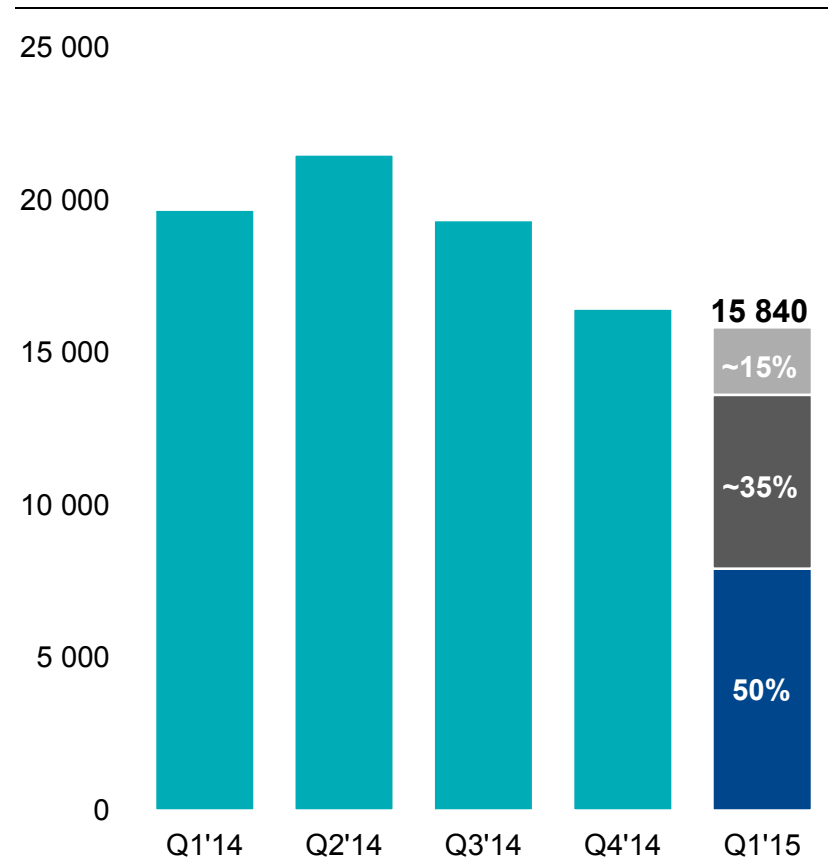
* Reflecting 20 percent completion for one major project.

Order intake and backlog

Order intake
NOK million



Order backlog
NOK million

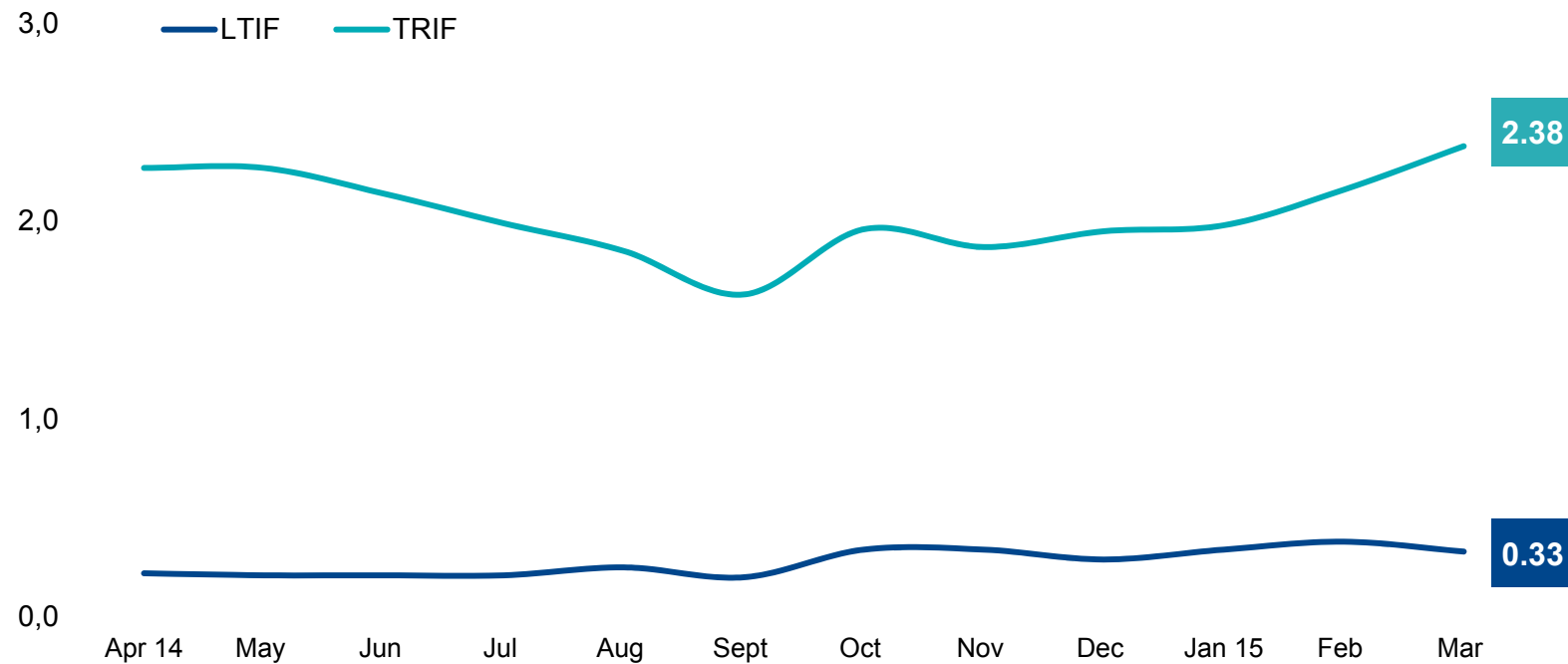


Note: All figures include incorporated joint ventures.

HSSE results

- > Fatal accident in decommissioning at Stord in March
- > Two Lost time Injuries
- > Nine serious incidents
- > More than 21 million worked hours last 12 months

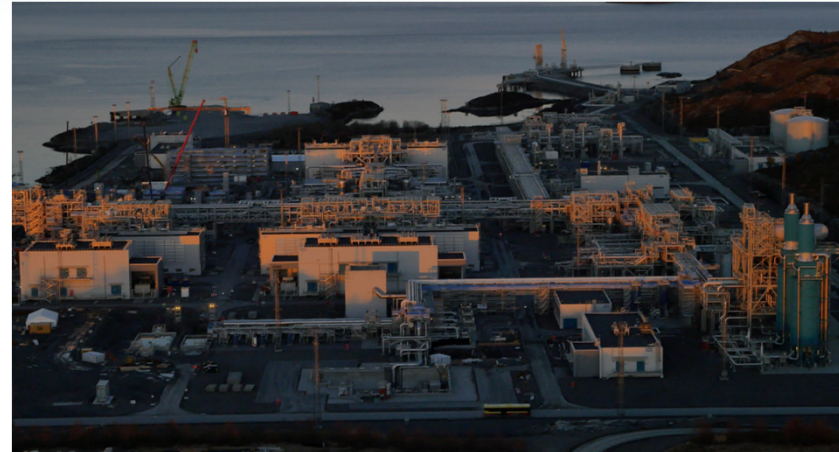
Lost time incident frequency (LTIF) and Total recorded incident frequency (TRIF)
Per million work hours and 12 months rolling averages



Operational highlights



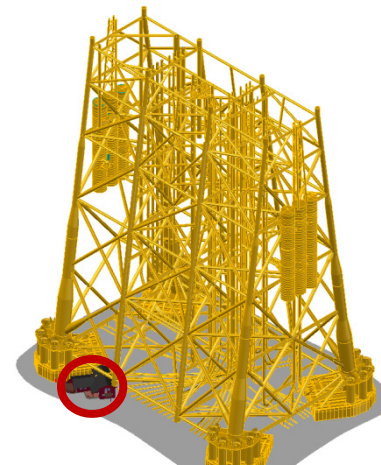
Edvard Grieg topside - Completed on time



Nyhamna - Design engineering completed



Hebron - Mechanical outfitting activities on-going



Sverdrup riser platform jacket - Detail design

Edvard Grieg topside completed on time

- › Delivered on time without expensive delays or quality issues
- › More than 75 percent* Norwegian value creation
 - 150 subcontractors
- › Development of expertise:
 - Managing about 7 000 resources
 - 49 new apprentices annually last two years
- › Offshore hook up and commissioning assistance by Kvaerner



* Report by Agenda Kaupang 10 April 2015.

First quarter financials

Eiliv Gjesdal, Chief Financial Officer

KVÆRNER[™]

Income statement

<i>Amounts in NOK million</i>	Q1 2015	Q4 2014	Q1 2014	FY 2014
Total revenue and other income	3 525	3 591	3 489	13 945
EBITDA	101	175	170	828
Depreciation and amortisation	(18)	(20)	(15)	(70)
Goodwill impairment	-	(266)	-	(266)
EBIT	83	(111)	155	492
Net financial income/(expense)	(5)	(54)	(20)	(105)
Equity accounted investees, incl. impairments	-	(1)	-	(59)
Profit/(loss) before tax	77	(166)	135	329
Income tax expense	(25)	(137)	(40)	(301)
Profit/(loss) from continuing operations	53	(302)	95	27
Profit/(loss) discontinued operations	84	(25)	(32)	(96)
Net profit/(loss)	137	(327)	63	(69)
EBITDA margin	2.9 %	4.9 %	4.9 %	5.9 %
Earnings per share (NOK)				
Basic and diluted EPS continuing operations	0.20	(1.12)	0.35	0.10
Basic and diluted EPS total operations	0.51	(1.22)	0.23	(0.26)

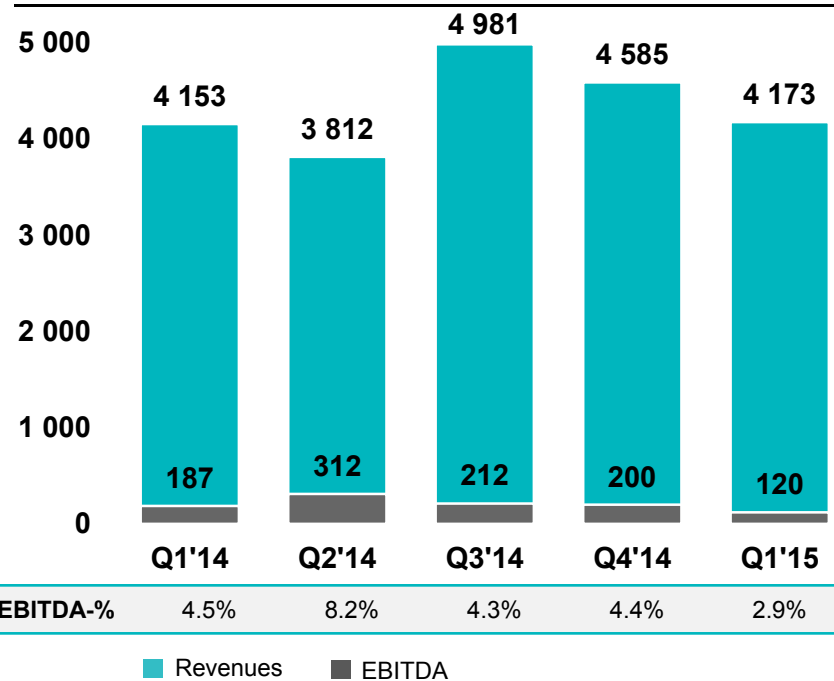
Note: Revenues excluding scope of work of jointly controlled entities.

Upstream review

> Financials

- High activity in most operations
- Projects with a relative wide margin range

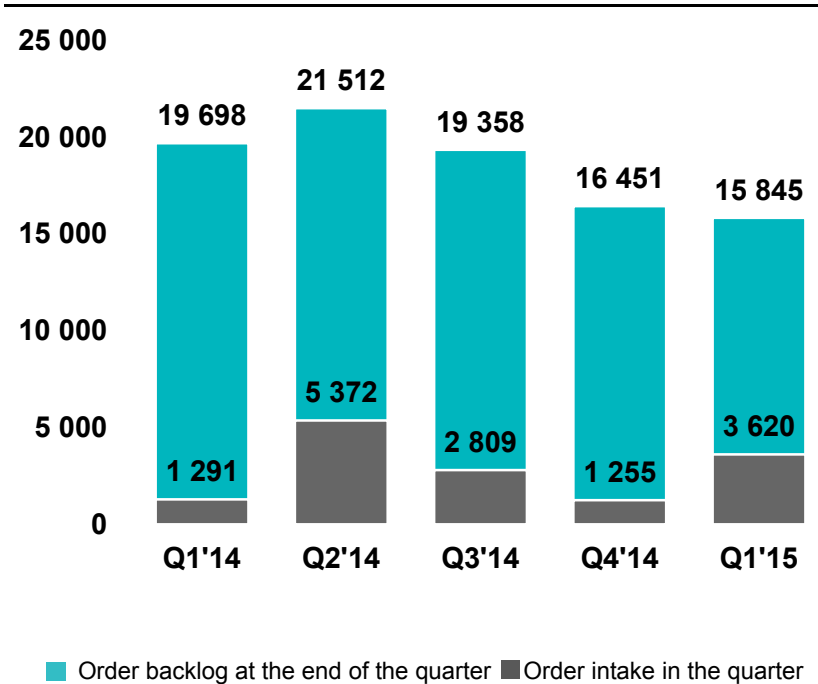
Revenues, EBITDA and EBITDA margin
NOK million



> Orders

- Growth in existing contracts

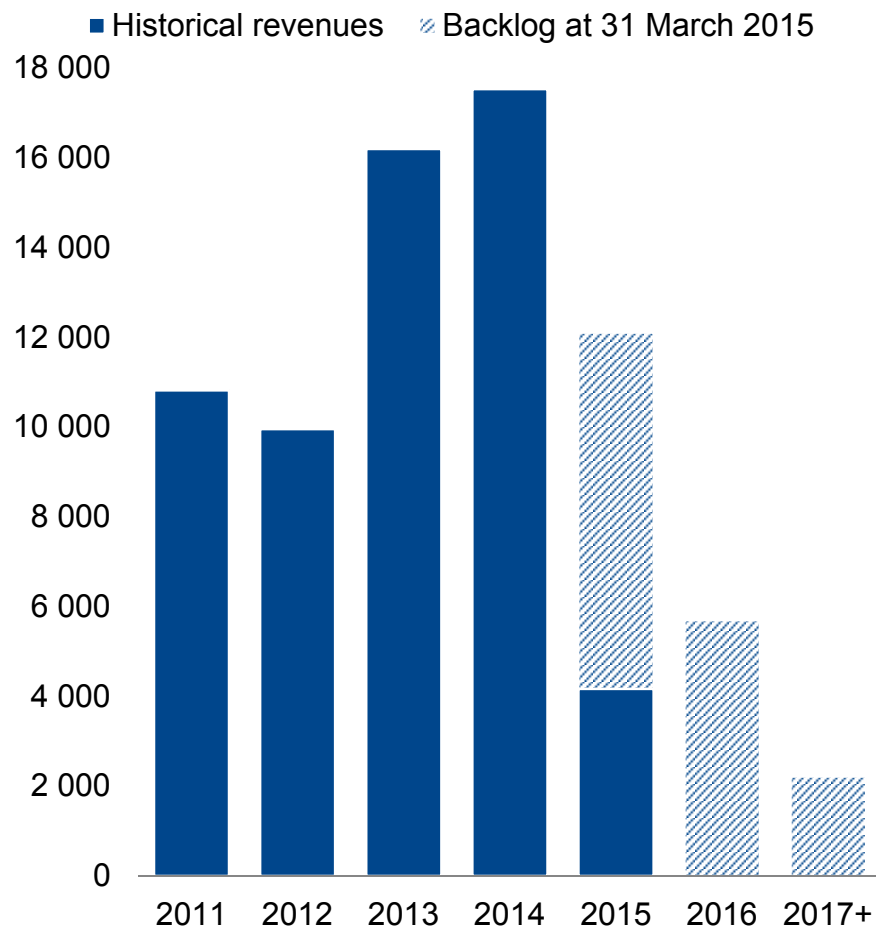
Order backlog and order intake
NOK million



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

Financial outlook

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



Note: All figures include incorporated joint ventures.

> Upstream revenues 2015

- Growth in existing contracts
- Activity level expected at NOK 12-13 billion

> EBITDA margin 2015

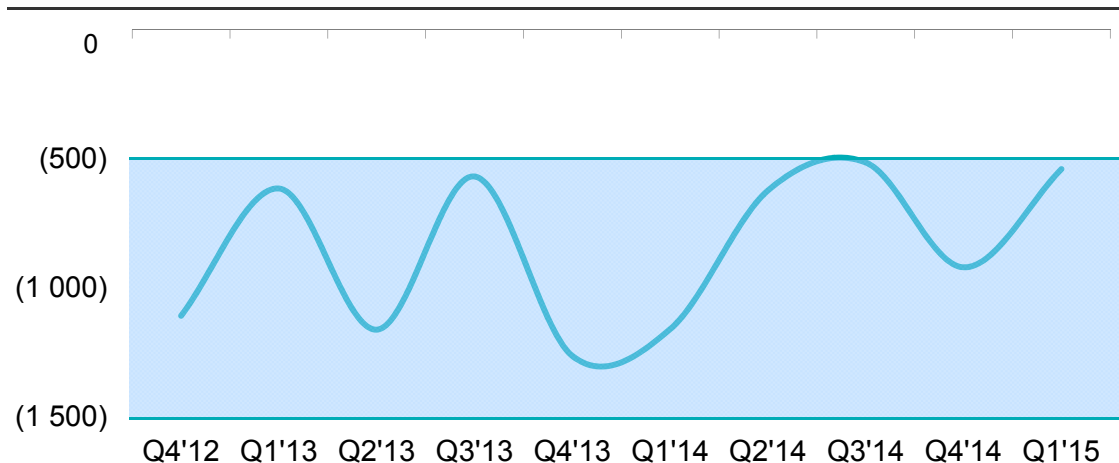
- Challenging 2015:
 - Cost development
 - Operating environment
 - Restructuring costs
- International business development
- First Sverdrup jacket expected to reach 20% completion Q4 2015
- New contract awards will have limited margin contribution 2015

Cash flow and working capital development

Amounts in NOK million	Q1 2015	Q4 2014	Q1 2014	FY 2014
Cash flow from operating activities	98	365	(62)	193
Cash flow from investing activities	(15)	(36)	(43)	(171)
Cash flow from financing activities	(10)	(175)	(8)	(370)
Translation adjustments	3	9	(2)	11
Net increase/(decrease) in cash and bank deposits	76	163	(115)	(337)

- > Customer pre-payments¹ of NOK 21 million
- > Fluctuations in working capital must be expected
- > Capital tied up in the Nordsee Ost project

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).

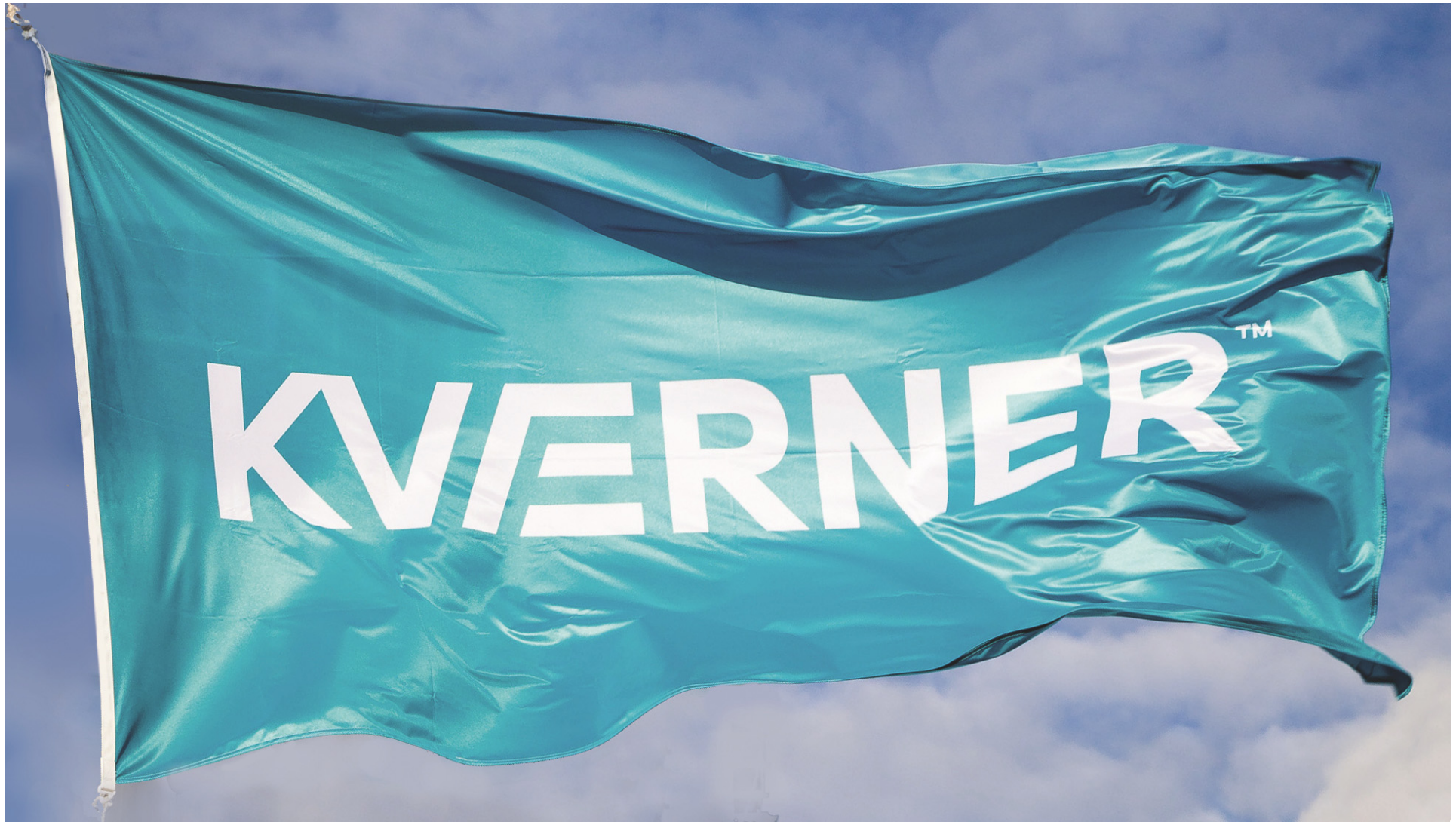
Balance sheet

<i>Amounts in NOK million</i>	31.03.2015	31.12.2014	31.03.2014
Assets			
Total non-current assets	1 895	2 010	2 137
Prepaid company tax	73	31	99
Current operating assets	3 446	3 268	3 533
Total cash and bank	1 284	1 208	1 430
Retained assets of business sold	567	906	884
Total assets	7 265	7 424	8 082
Total equity	2 444	2 337	2 547
Non-current interest bearing liabilities	490	487	480
Other non-current liabilities	181	176	172
Current operating liabilities	3 986	4 190	4 695
Current tax liabilities	118	182	39
Retained liabilities of business sold	46	51	148
Total liabilities	4 820	5 087	5 536
Total equity and liabilities	7 265	7 424	8 082
Equity ratio	34 %	31 %	32 %
Net cash	796	722	953

> Loan facilities of NOK 3 billion

- Maturity in May 2016

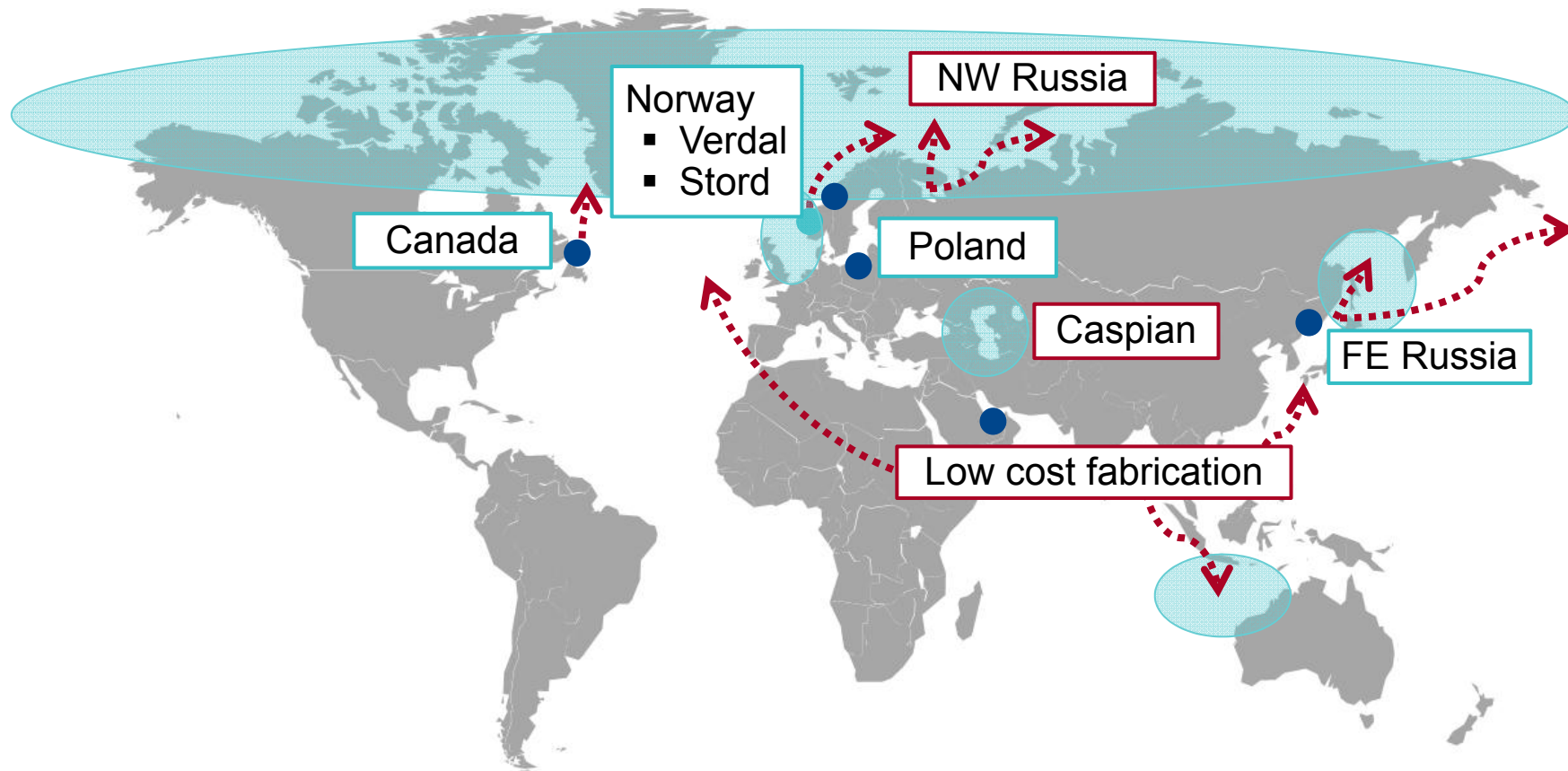
Market and outlook



Strengthened competitiveness



Low cost fabrication and strategic partnerships :
Developing the delivery model



- Kvaerner current construction sites
- Current target markets

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*

Prospects

- > Norway / North Sea region:
 - Specific prospects with expected awards in 2015
 - Steel jackets opportunities
 - Completion prospects
 - Subsea on a Stick®
- > Outside North Sea Region:
 - Pursuing specific prospects, timing uncertain
 - Near shore LNG studies

* Sources: Rystad Energy, own contact with customers

Concluding remarks

- **Deliver existing backlog as planned**
- **Win new contracts**
- **Complete implementation of ongoing 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**

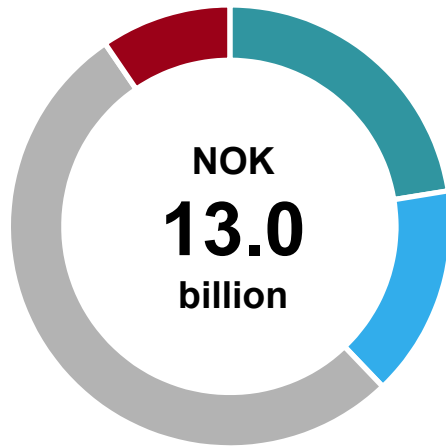
The image features the Kvaerner logo in a bold, teal, sans-serif font. The logo is centered horizontally and vertically against a background of overlapping, semi-transparent teal geometric shapes, primarily triangles and polygons, creating a complex, crystalline pattern. The overall color palette is monochromatic, consisting of various shades of teal and light blue.

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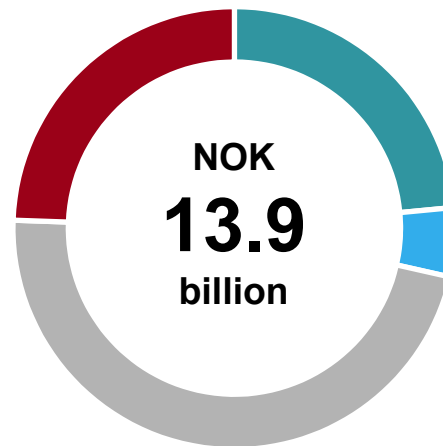
APPENDIX

Revenue distribution – continuing operations

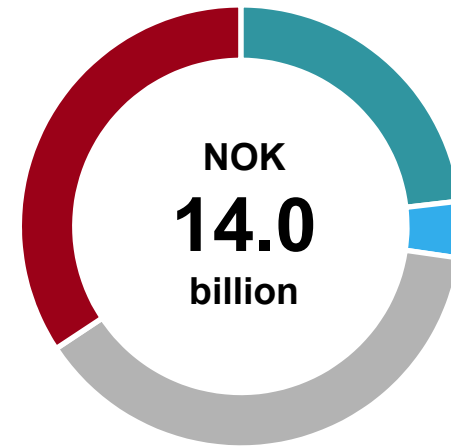
Share of revenues 2013
Percent



Share of revenues 2014
Percent



Share of revenues last 12 months
Percent



■ Topsides ■ Concrete Solutions ■ Jackets ■ Onshore

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