

Second quarter and half year results 2017

13 July 2017



KVERNERTM

Second quarter 2017

Highlights

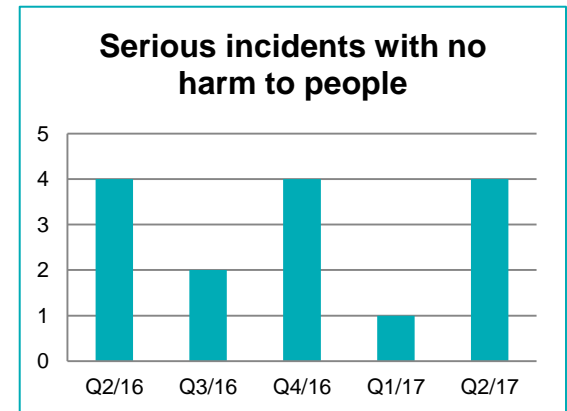
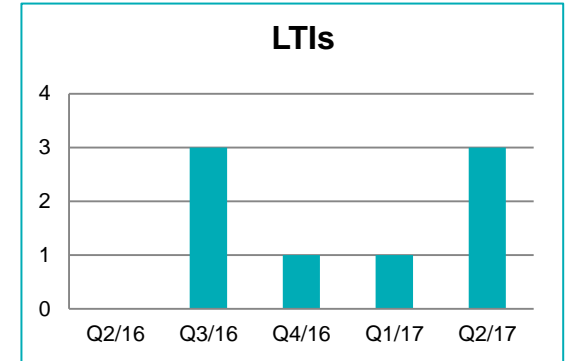
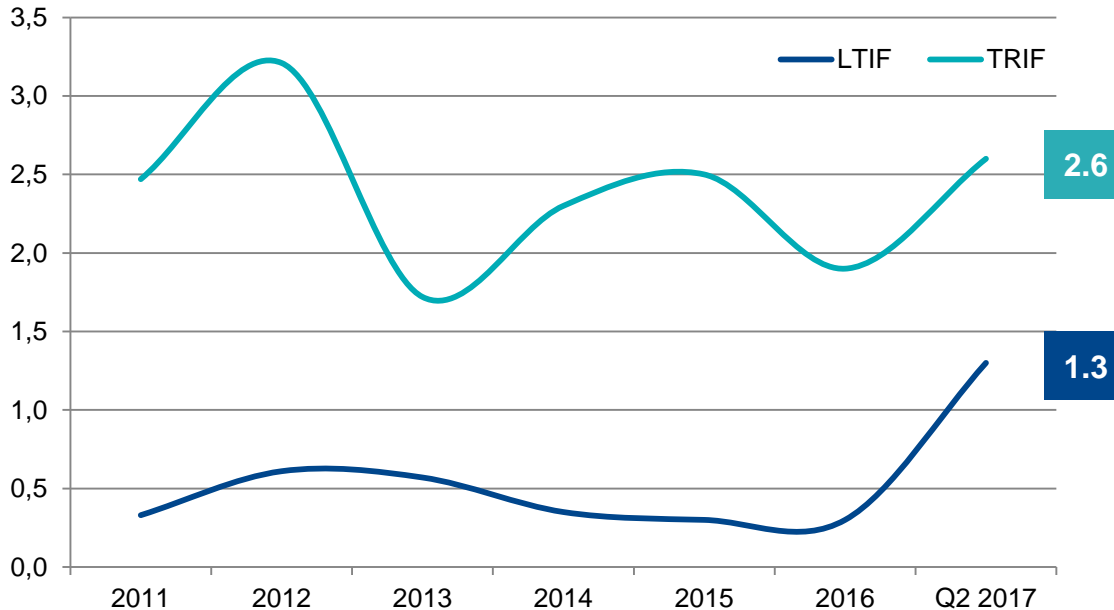
- › Strong performance and results
- › Hebron GBS installation completed
- › Riser platform jacket completed
- › Nyhamna expansion in final phase
- › Framework agreement with AkerBP
- › Market with more prospects



First Sverdrup steel jacket ready for sail-away

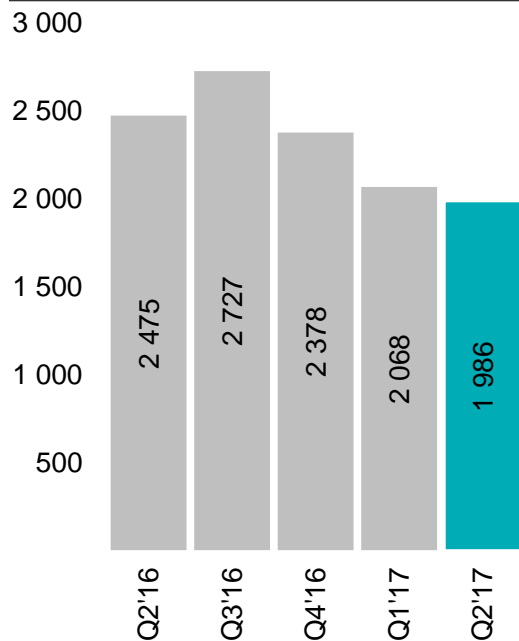
HSSE results

Lost time injury frequency (LTIF) & total recordable injury frequency (TRIF)
Per million worked hours

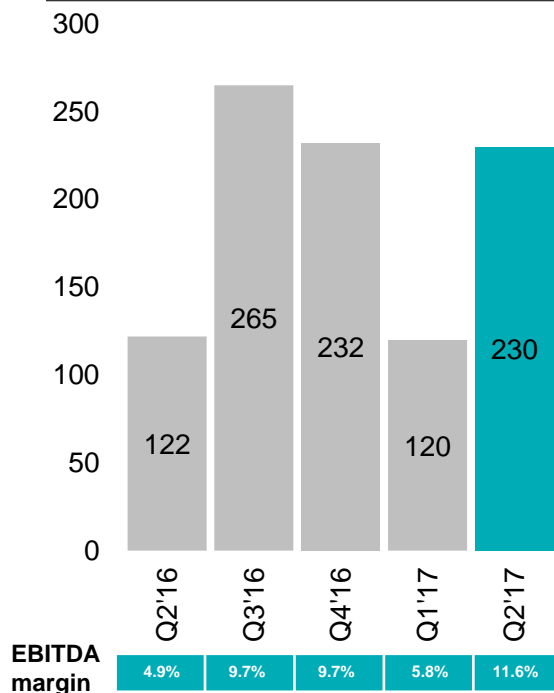


Key financials Field Development Segment

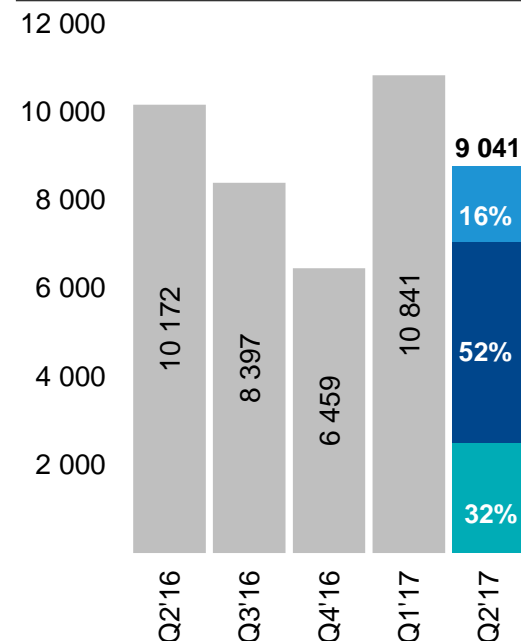
Revenues NOK million



EBITDA NOK million



Order backlog NOK million



Estimated scheduling as of 30.06.2017:

- For execution in 2017
- For execution in 2018
- For execution in 2019+

Field Development Segment financials: Includes Kvaerner's share of revenues from jointly controlled entities and unallocated costs are deducted.
© Kvaerner 2017 | 13.07.2017

All current projects on track



Nyhamna expansion



Hebron GBS



Johan Sverdrup Utility & LQ topside



Johan Sverdrup riser platform jacket



Njord A



Asta Hansteen

Second quarter financials

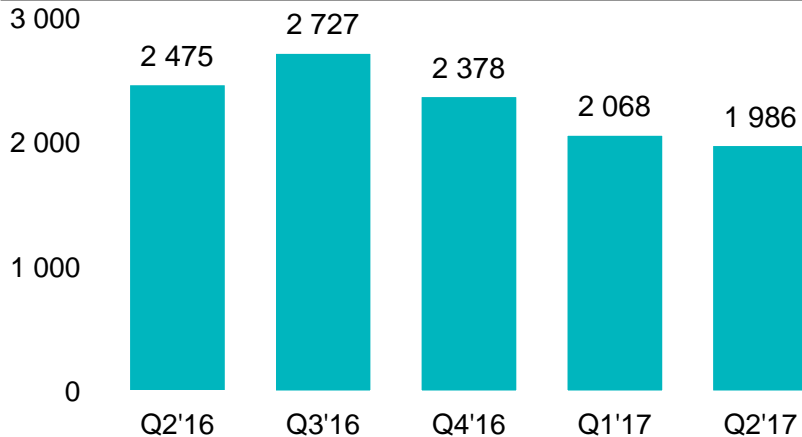
Idar Eikrem, Chief Financial Officer

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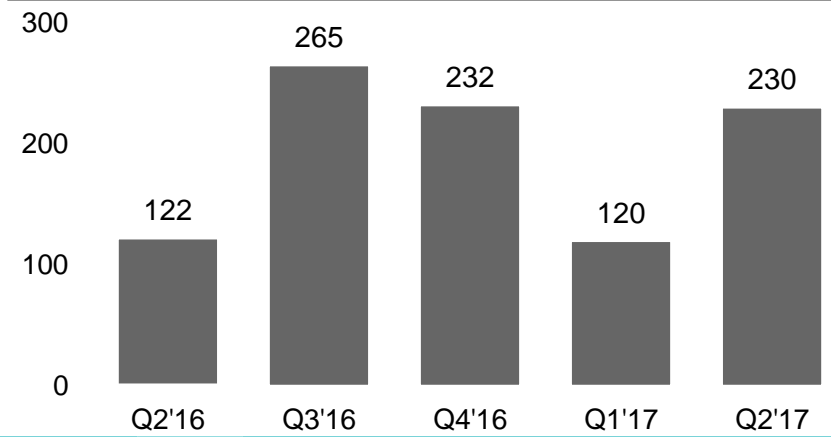
Field Development review

- › Results reflect improved quality performance in the current project portfolio
- › Full year 2017 revenues expected to be more than NOK 7 billion
- › Further positive impact from incentives and quality performance could be expected in 2H'17

Revenues
NOK million



EBITDA
NOK million



| EBITDA-% | 4.9% | 9.7% | 9.7% | 5.8% | 11.6% |
|----------|------|------|------|------|-------|
|----------|------|------|------|------|-------|

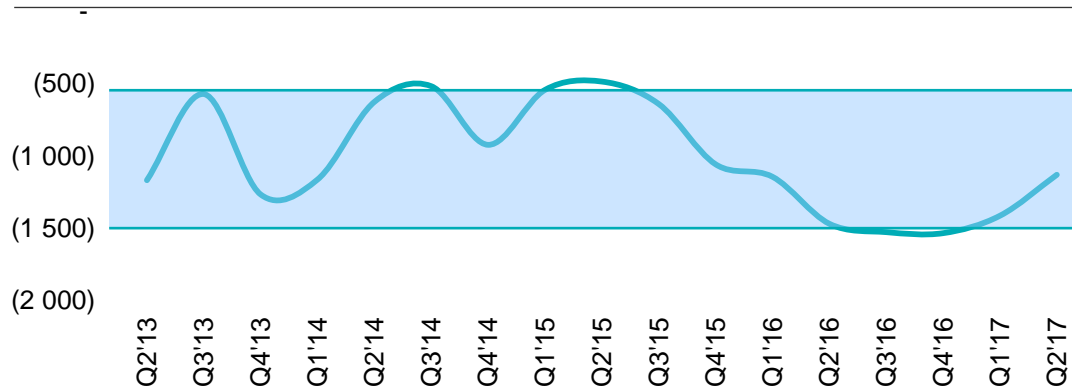
Note: All figures include Kvaerner's scope of work of jointly controlled entities

Cash flow and working capital development

| Amounts in NOK million | Q2 2017 | Q1 2017 | Q2 2016 | YTD 2017 | YTD 2016 | FY 2016 |
|--|-------------|-------------|------------|--------------|------------|--------------|
| Cash flow from operating activities ¹ | (34) | (51) | 367 | (85) | 1 067 | 1 718 |
| Cash flow from investing activities | (10) | (8) | (25) | (17) | (164) | (201) |
| Cash flow from financing activities | (4) | (4) | (17) | (8) | (21) | (30) |
| Translation adjustments | 0 | (1) | (0) | (1) | (1) | (1) |
| Net increase/(decrease) in cash and bank deposits | (47) | (64) | 325 | (111) | 882 | 1 486 |

- › Customer pre-payments of NOK 504 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 Includes Longview settlement of USD 70 million in Q1 2016 and net insurance recovery of USD 23 million for the same project in Q2/Q3 2016.

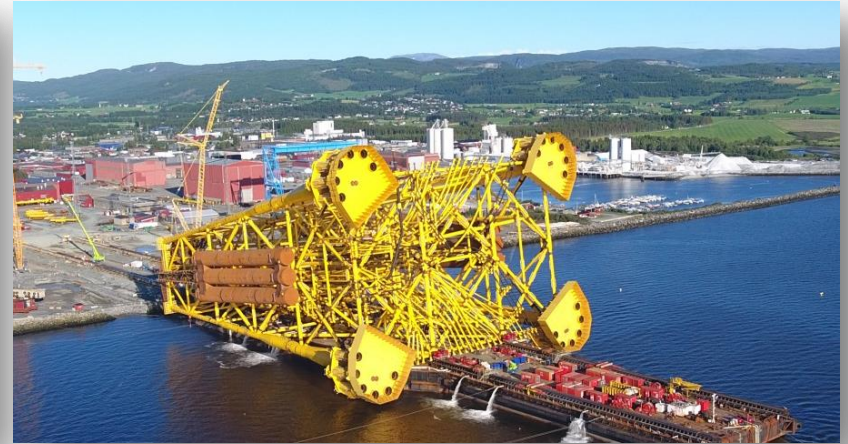
Market and outlook



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- All projects on track
- Drive for improvement continues
- Market with more prospects

Market with more prospects



- › Tough competition
- › More prospects than one year ago, high tendering activity
- › Increased competitiveness, also for modifications and other products
- › Expect outcome of contract awards in 2017 and 2018

Based on core competence, solid financial platform and credibility in the market

Strategic development

Subsea on a stick®



Platform modifications



Arctic LNG solutions



Decommissioning



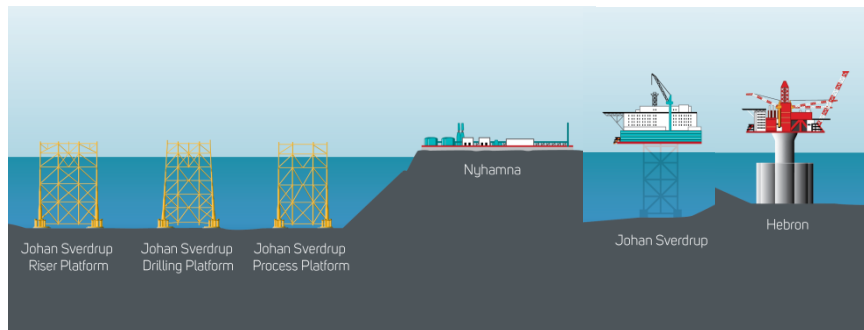
Leading EPC & HUC
contractor

Marine operations



Q2 summary

- Strong performance and results
- Competitiveness strengthened
- Market with more prospects



Way forward

- Execute projects safely, predictably
- Further improve competitiveness
- Maintain and develop home markets and grow new international business
- Develop products and consider structural growth opportunities

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Appendix

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Income statement

| <i>Amounts in NOK million</i> | Q2 2017 | Q1 2017 | Q2 2016 | YTD 2017 | YTD 2016 | FY 2016 |
|---|-------------|------------|------------|------------|------------|------------|
| Total revenue and other income ¹ | 1 502 | 1 554 | 1 859 | 3 056 | 4 087 | 7 896 |
| Operating expenses | (1 282) | (1 446) | (1 764) | (2 729) | (3 910) | (7 267) |
| EBITDA | 219 | 108 | 96 | 327 | 177 | 629 |
| Adjusted EBITDA ² | 216 | 105 | 106 | 321 | 212 | 680 |
| Depreciation and amortisation | (26) | (26) | (26) | (52) | (48) | (100) |
| Goodwill impairment | - | - | - | - | - | (198) |
| EBIT | 193 | 82 | 69 | 275 | 129 | 331 |
| Net financial income/(expense) | (1) | 3 | (41) | 3 | (75) | (117) |
| Profit/(loss) before tax | 192 | 86 | 28 | 278 | 54 | 214 |
| Income tax expense | (49) | (27) | (13) | (76) | (24) | (132) |
| Profit/(loss) from continuing operations | 144 | 59 | 15 | 202 | 30 | 82 |
| Profit/(loss) from discontinued operations | (16) | 37 | 29 | 21 | 230 | 345 |
| Net profit/(loss) | 127 | 95 | 44 | 223 | 261 | 426 |
| Adjusted EBITDA margin | 14.4 % | 6.8 % | 5.7 % | 10.5 % | 5.2 % | 8.6 % |
| Earnings per share (NOK) | | | | | | |
| Basic and diluted EPS continuing operations | 0.54 | 0.22 | 0.06 | 0.76 | 0.11 | 0.31 |
| Basic and diluted EPS discontinued operations | (0.06) | 0.14 | 0.11 | 0.08 | 0.86 | 1.30 |
| Basic and diluted EPS total operations | 0.48 | 0.36 | 0.16 | 0.84 | 0.98 | 1.60 |

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

² Adjusting impact related to embedded derivatives in jointly controlled entities closely related to Kvaerner's operating activities.

Balance sheet

| <i>Amounts in NOK million</i> | 30.06.2017 | 31.03.2017 | 30.06.2016 | 31.12.2016 |
|---------------------------------------|--------------|--------------|--------------|--------------|
| Assets | | | | |
| Total non-current assets | 1 465 | 1 498 | 1 727 | 1 505 |
| Current operating assets | 1 179 | 1 286 | 1 344 | 1 427 |
| Total cash and bank | 2 936 | 2 983 | 2 442 | 3 047 |
| Retained assets of business sold | 0 | 46 | 36 | 1 |
| Total assets | 5 580 | 5 812 | 5 550 | 5 980 |
| Equity and liabilities | | | | |
| Total equity | 2 883 | 2 747 | 2 488 | 2 656 |
| Other non-current liabilities | 322 | 297 | 193 | 267 |
| Current operating liabilities | 2 308 | 2 699 | 2 813 | 2 961 |
| Current tax liabilities | 29 | 35 | 27 | 46 |
| Retained liabilities of business sold | 38 | 34 | 29 | 51 |
| Total liabilities | 2 697 | 3 065 | 3 061 | 3 324 |
| Total equity and liabilities | 5 580 | 5 812 | 5 550 | 5 980 |
| Equity ratio | 52 % | 47 % | 45 % | 44 % |
| Net cash | 2 936 | 2 983 | 2 444 | 3 047 |

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