Second quarter results 2015

KVÆRNER™

Highlights

Second quarter 2015

- E. Grieg topside delivered
- Nyhamna turn-around successfully completed
- J. Sverdrup ULQ topside won
- Order backlog of NOK 17.7* billion

Subsequent events

- Refinancing concluded
- Dividend policy revised and dividend of NOK 0.15 per share approved

Johan Sverdrup utility and living quarter topside.

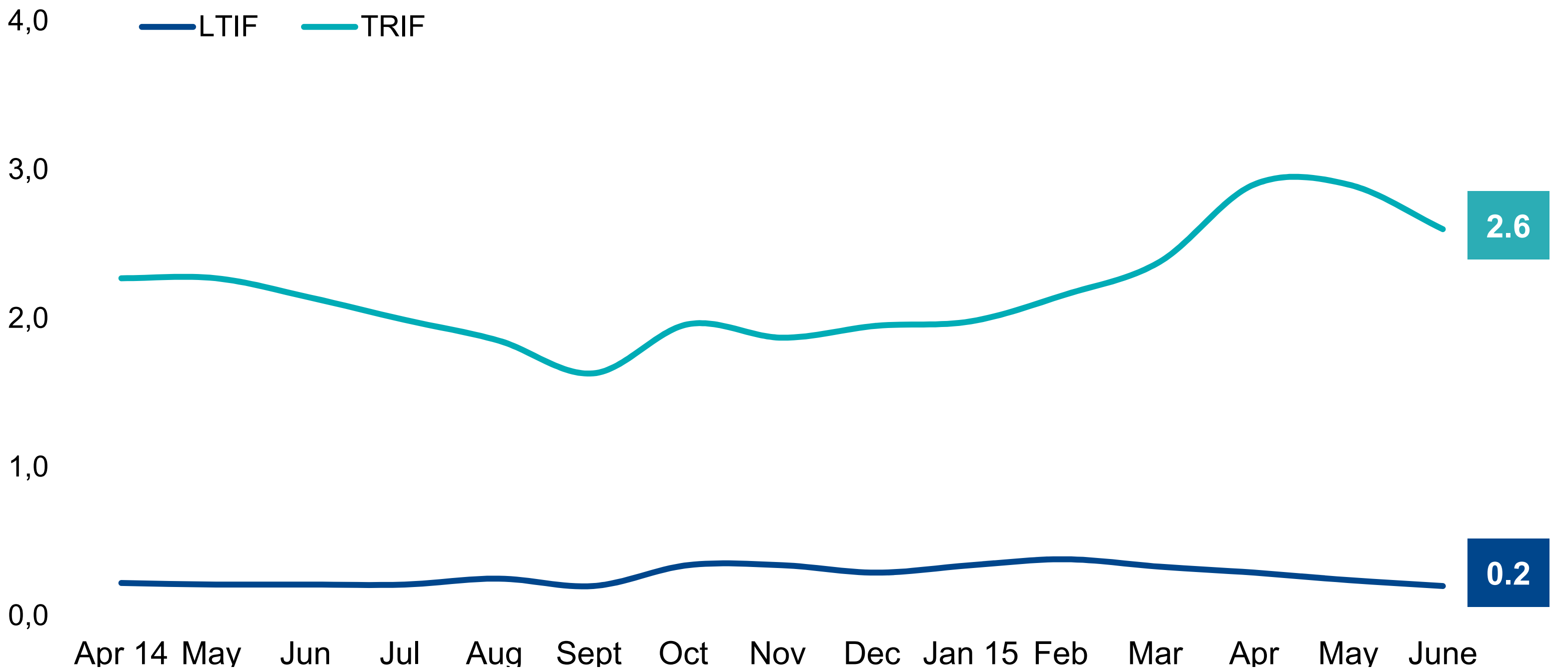
* *Including incorporated joint ventures.*

KVÆRNER™

HSSE results

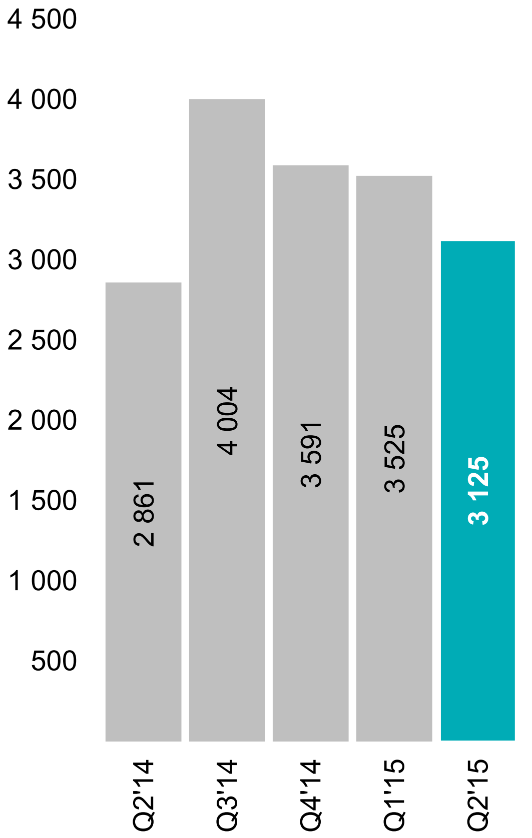
- No Lost time Injury
- Seven serious incidents
- Total of eight medical treatments incidents
- More than 4.6 million worked hours in the quarter

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

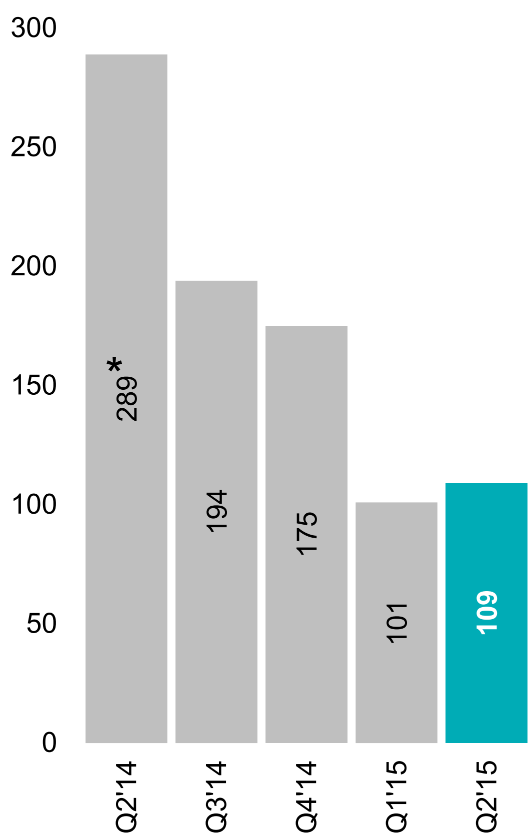


Key financials

Revenues
NOK million

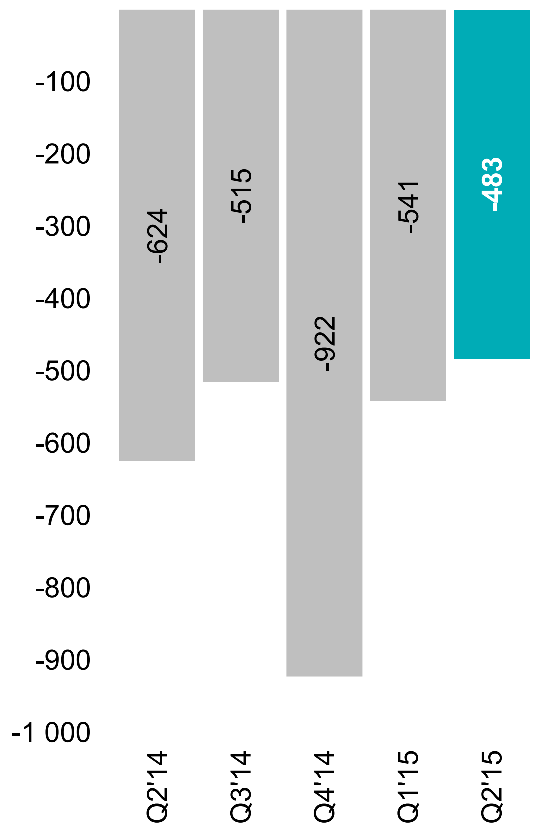


EBITDA
NOK million



EBITDA margin	10.1%	4.8%	4.9%	2.9%	3.5%

Net current operating assets
NOK million

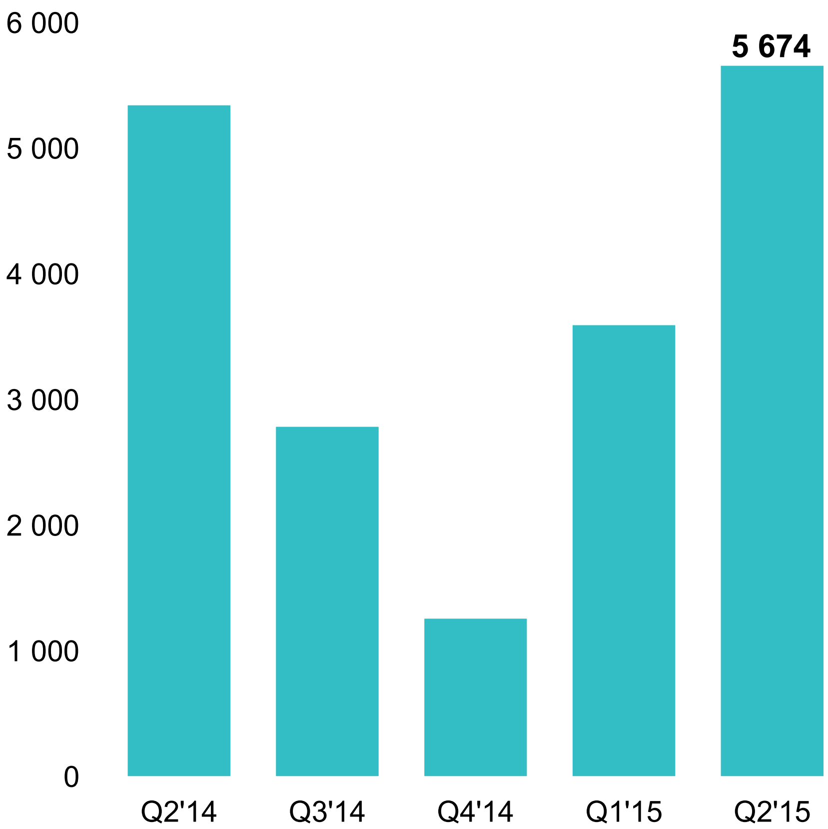


** Reflecting 20 percent completion for one major project.*

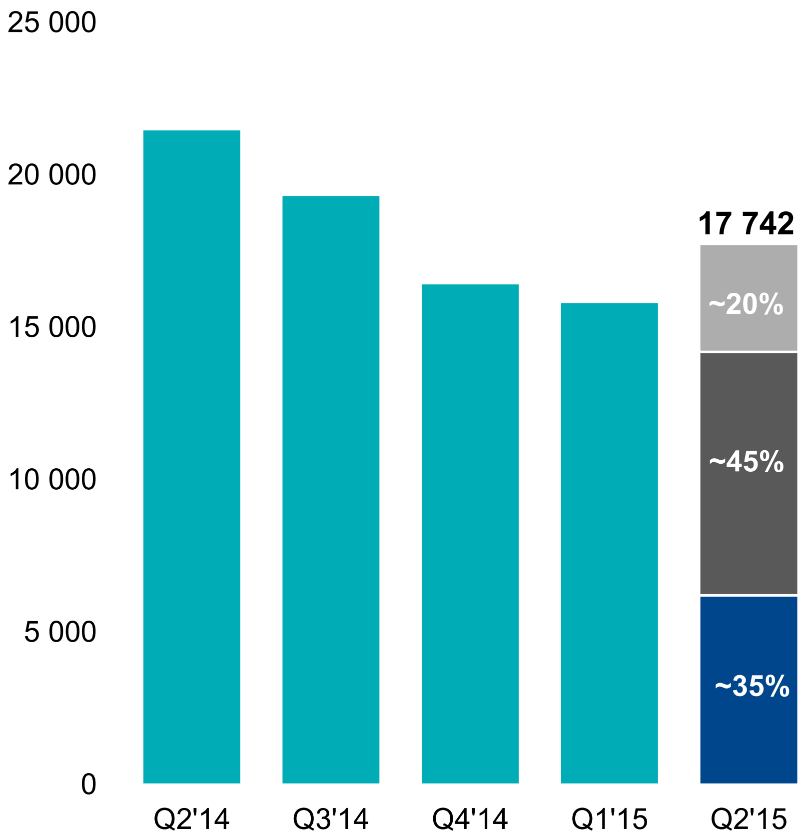
KVÆRNER

Order intake and backlog

Order intake
NOK million



Order backlog
NOK million



Estimated scheduling as of 30 June 2015:
- For execution in 2015
- For execution in 2016
- For execution in 2017+

Note: All figures include incorporated joint ventures.

KVÆRNER™

Johan Sverdrup:

TOPSIDE:

- Scope: EPC delivery of ULQ topside
- Value: NOK 6.7 billion
- JV: Kvaerner 51% - KBR 49%
- Execution: More competitive delivery model
- Option: Hook-up and commissioning

JACKETS:

- Scope: EPC for Riser Platform Jacket
- Value: NOK 2 billion
- LoI: EPC for Drilling Platform jacket

Operational highlights

Edvard Grieg topside – Sail away of all modules

Nyhamna – Turnaround successfully completed

Hebron - Mechanical outfitting activities on-going

Sverdrup riser platform jacket – First steel cutting

KVÆRNER

Key contractor for 7 of the 7 largest plants in Norway:

Flexibility for both offshore and onshore projects

- **Nyhamna EPCm contract**
  - Award 2012, peak at site January 2016
  - Duration 6 years + option for 2 x 2 years
- Additional contract: SVS systems
- Successful deliveries from 6 sites
  - 3 compressor houses from Verdal
  - 11 modules from Stord
- Flexibility Offshore/Onshore:
  - Competence at Stord – Oslo – Verdal

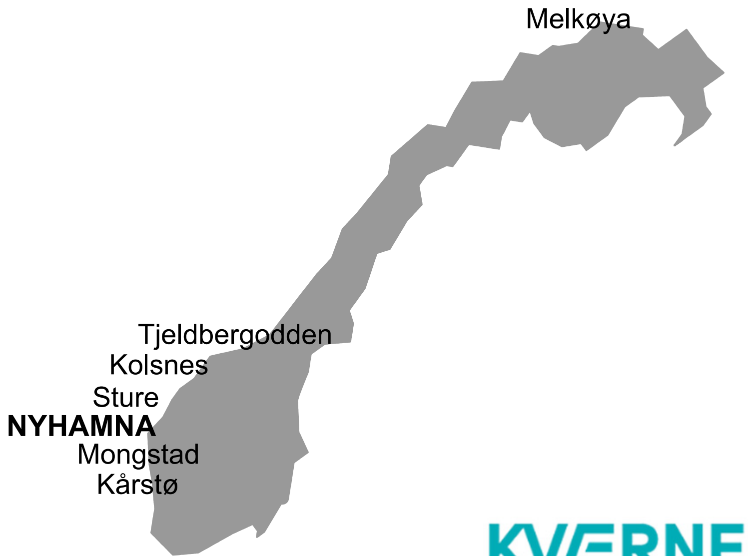
First compressor house from Verdal on its way to Nyhamna.

- **Successful Turnaround in June**

"As a gas supplier we want turnaround to be safe, short and predictable. We recently closed down the plant for maintenance, inspection and preparation for the Nyhamna Expansion project.

Kvaerner understood the complexity of the operation very well. They prepared their part of the work with precision and delivered on time and with good quality. This is important for our predictability towards customers and co-shareholders."

Monika Hausenblas, VP Upstream Shell Norway.



Second quarter financials

Eiliv Gjesdal, Chief Financial Officer

Income statement

Amounts in NOK million	Q2 2015	Q1 2015	Q2 2014	YTD 2015	YTD 2014	FY 2014
Total revenue and other income	3 125	3 525	2 861	6 650	6 350	13 945
EBITDA	**109**	**101**	**289**	**210**	**459**	**828**
Depreciation and amortisation	(19)	(18)	(17)	(37)	(32)	(70)
Goodwill impairment	-	-	-	-	-	(266)
EBIT	**90**	**83**	**272**	**173**	**427**	**492**
Net financial income/(expense)	(2)	(5)	(16)	(7)	(36)	(105)
Equity accounted investees, incl. impairments	(0)	-	(58)	(0)	(58)	(59)
Profit before tax	**88**	**77**	**198**	**165**	**333**	**329**
Income tax expense	(25)	(25)	(75)	(50)	(115)	(301)
Profit from continuing operations	**62**	**53**	**123**	**115**	**218**	**27**
Profit/(loss) discontinued operations	**(26)**	**84**	**(27)**	**58**	**(59)**	**(96)**
Net profit/(loss)	**36**	**137**	**96**	**173**	**159**	**(69)**
EBITDA margin	3.5 %	2.9 %	10.1 %	3.2 %	7.2 %	5.9 %
Earnings per share (NOK)						
Basic and diluted EPS continuing operations	0.23	0.20	0.46	0.43	0.81	0.10
Basic and diluted EPS total operations	0.13	0.51	0.36	0.64	0.59	(0.26)

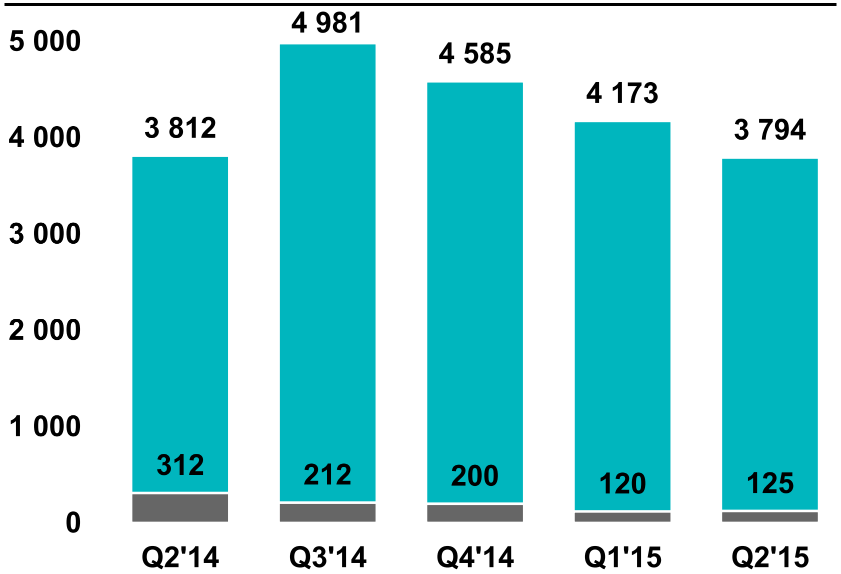
Note: Revenues excluding scope of work of jointly controlled entities.

Upstream review

Financials
- High activity in most operations
- Projects with a relative wide margin range
- Expected revenues of NOK 13-14 billion in 2015

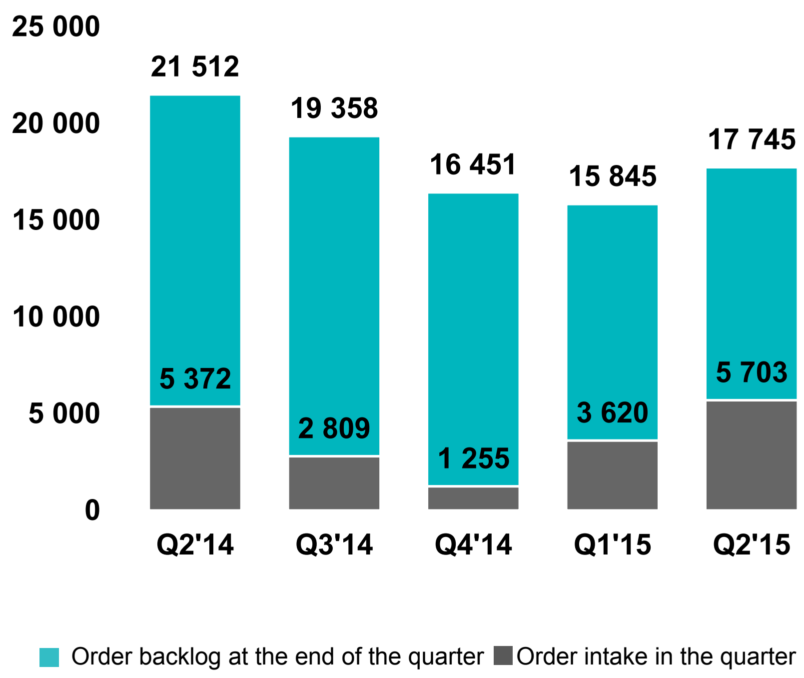
Orders
- Johan Sverdrup ULQ topside
- Additional work at Nyhamna
- Growth in existing contracts

Revenues, EBITDA and EBITDA margin
NOK million



EBITDA-%	8.2%	4.3%	4.4%	2.9%	3.3%

Order backlog and order intake
NOK million



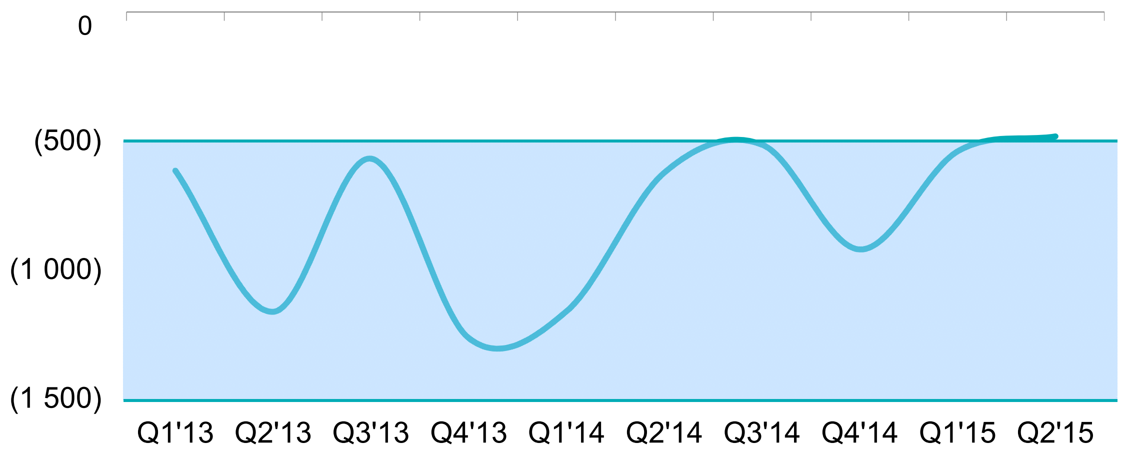
Note: All figures include scope of work of jointly controlled entities.

Cash flow and working capital development

Amounts in NOK million	Q2 2015	Q1 2015	Q2 2014	YTD 2015	YTD 2014	FY 2014
Cash flow from operating activities	(12)	98	(212)	86	(274)	193
Cash flow from investing activities	(21)	(15)	(75)	(35)	(118)	(171)
Cash flow from financing activities	(202)	(10)	(172)	(212)	(181)	(370)
Translation adjustments	(1)	3	2	2	(0)	11
Net increase/(decrease) in cash and bank deposits	**(236)**	**76**	**(457)**	**(160)**	**(573)**	**(337)**

- Customer pre-payments[1] of NOK 82 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).*

KVÆRNER

Balance sheet

Amounts in NOK million	30.06.2015	31.03.2015	31.06.2014	31.12.2014
Assets				
Total non-current assets	1 888	1 895	2 137	2 010
Prepaid company tax	84	73	60	31
Current operating assets	2 819	3 446	2 363	3 268
Total cash and bank	1 048	1 284	972	1 208
Retained assets of business sold	565	567	744	906
Total assets	**6 403**	**7 265**	**6 275**	**7 424**
Total equity	**2 272**	**2 444**	**2 511**	**2 337**
Non-current interest bearing liabilities	-	490	483	487
Other non-current liabilities	201	181	184	176
Current operating liabilities	3 302	3 986	2 987	4 190
Current tax liabilities	92	118	61	182
Current interest bearing liabilities	500	0	0	(0)
Retained liabilities of business sold	36	46	50	51
Total liabilities	**4 131**	**4 820**	**3 764**	**5 087**
Total equity and liabilities	**6 403**	**7 265**	**6 275**	**7 424**
Equtiy ratio	**35 %**	**34 %**	**40 %**	**31 %**
Net cash	**550**	**796**	**493**	**722**

- Credit Facility NOK 3.0 billion maturing in May 2016 has been refinanced as a syndicated Revolving Credit Facility of NOK 2.0 billion maturing July 2020.

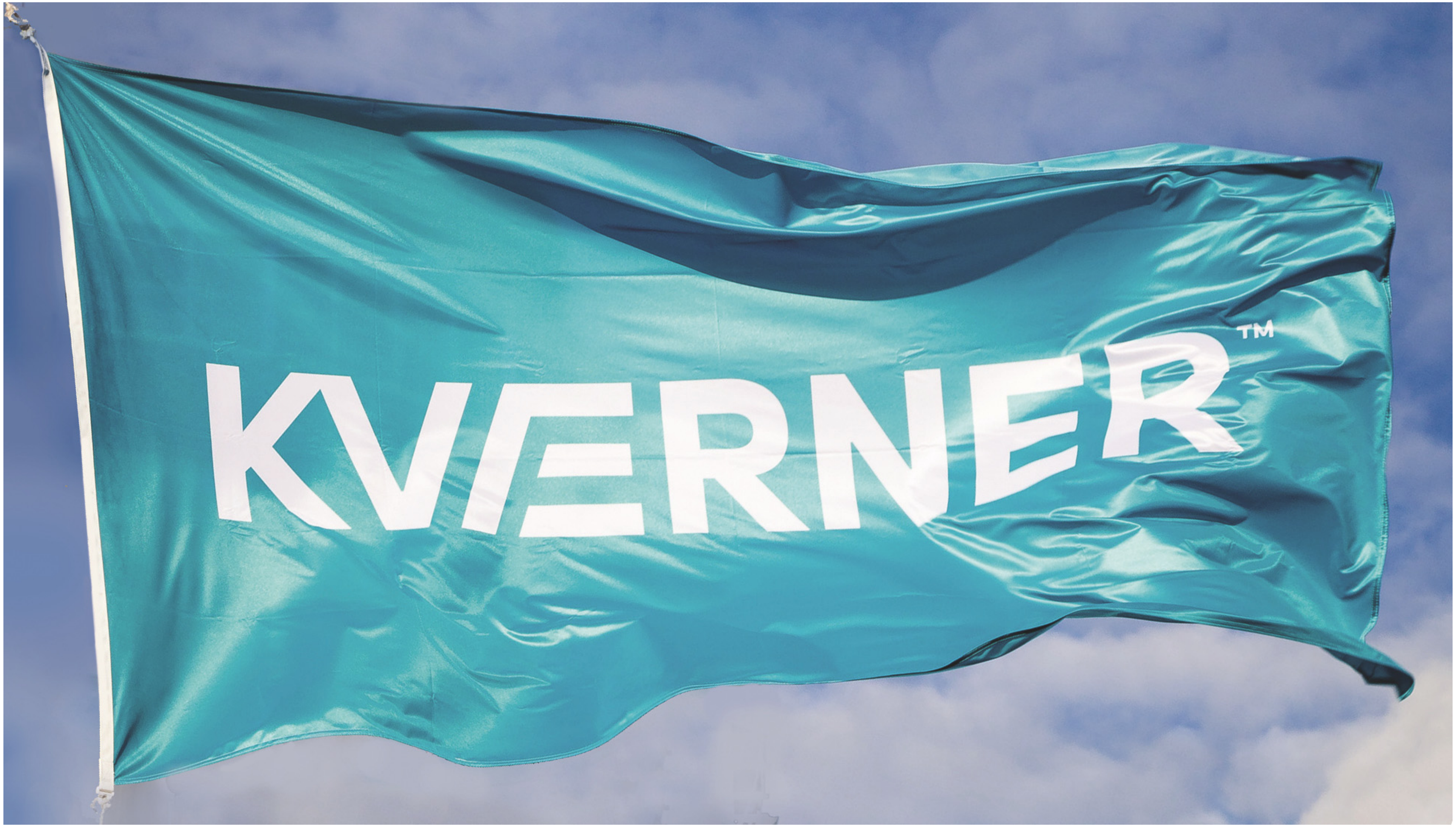
KVÆRNER

New dividend policy

- The Board of Directors has revised the company's dividend policy to reflect the developments in Kvaerner's long term markets and outlook.
- The Board's current priorities when proposing the level of dividends are to retain a strong balance sheet and cash position.
- The new policy has been implemented:
  - *Kværner ASA's dividend policy is based on semi-annual dividend payments. Decisions as to dividend payments depend on outlook, liquidity and considerations such as alternative use of cash and strengthening of the company's financial structure. In periods of weak economic conditions, the dividend can be paid out as long as the group's capital structure permits.*
  - *The Board approves interim dividends based on an authorisation from the General Meeting, while the Annual General Meeting approves the final (and total annual) dividend based on a proposal from the Board of Directors.*
- The Board of Directors has according to the new dividend policy propose a semi-annual dividend of NOK 0.15 to be paid 23 October 2015.

KVÆRNER™

Market and outlook



Market segments with positive opportunities

Market outlook

- Longer term (2017 – 2020):
  - Fundamental long term demand for Kvaerner's expertise
  - Anticipates several projects well fit for Kvaerner's expertise*
  - Timing of individual prospects is currently uncertain*
- Short term (12 - 15 months):
  - Some few key prospects up for award*

Sources: Rystad Energy, own contact with customers

Prospects

- Norway / North Sea region:
  - Specific prospects with expected awards in 2015 - 2016
    - Steel jackets
    - Subsea on a Stick®
    - Topside and completion projects
    - Other
- Outside North Sea Region:
  - Pursuing specific prospects, timing uncertain
    - Near shore LNG studies

KVÆRNER™

Concluding remarks

- Predictable execution and results
- Competitive power based on cost improvements and expertise
- Sustain solid balance sheet
- Pursue selected prospects in core and adjacent markets

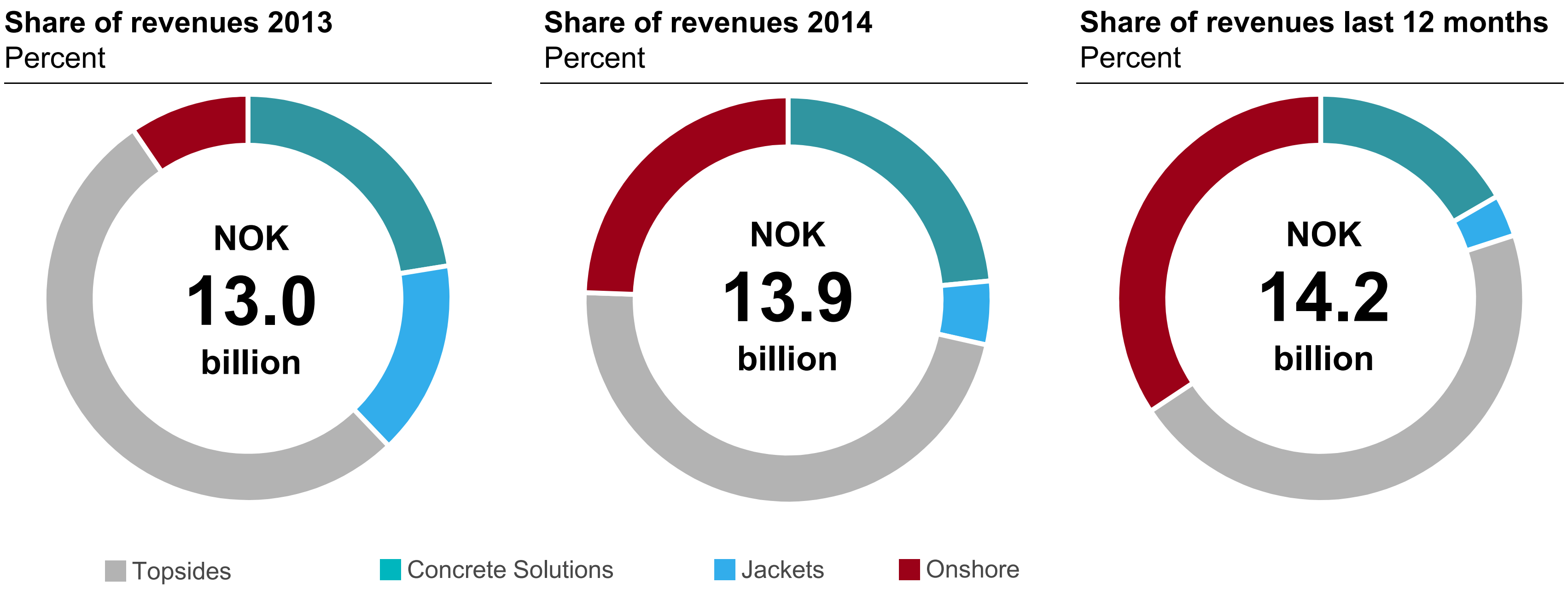
- HSSE – core value and licence to operate
- Maintain and develop home markets
- Develop global delivery model for Norway and abroad
- Hands-on management

KVÆRNER™

KVÆRNER™

APPENDIX

Revenue distribution – continuing operations



KVÆRNER™

Copyright and disclaimer