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Kvaerner ASA: Kvaerner explores new strategic opportunities to further strengthen its business

10 September 2014 - Kvaerner has during the first half of 2014 delivered several key oil and gas projects on schedule, won new key contracts and continued to implement cost reduction measures. The company's Board of Directors is pleased with how Kvaerner has built a strong position as a competitive contractor recognized for its high quality delivery of demanding oil and gas projects. The Board concludes that the time now is right to explore opportunities to accelerate the development of Kvaerner.

Since the establishment of today's Kvaerner organisation in 2011, the company has successfully delivered a wide range of projects. In an industry where delays are costly, Kvaerner is recognized for predictable deliveries, facing global competition in the oil and gas supplier industry.

"While we succeeded in building a record high order backlog up to 2013, we also received valuable feedback from the oil companies after the bidding rounds in the winter a year and a half ago. This spurred us to accelerate a range of activities to increase productivity and reduce our own cost level. The award in June for two steel jacket substructures to the Johan Sverdrup field confirmed that we are moving in the right direction, and the combination of established expertise and reliability, together with renewed cost competitiveness, once more positions us well for the future. Now, we will use this momentum to consider step changes to further strengthen our business and competitiveness", says Jan Arve Haugan, President & CEO of Kvaerner.

For almost 50 years, Kvaerner has built a track record of delivering solutions to oil and gas companies around the world, including many of the global industry's most successful and recognised projects. Over the last three years Kvaerner has managed a considerable strategic development. In 2012 and 2013, the North American Downstream & Industrials businesses were sold. These changes enabled Kvaerner to fully focus on serving customers in the upstream oil and gas segment.

In an industry where several of the competitors are significantly larger, Kvaerner has been awarded contracts and shortlisted ahead of its peers, based on a reputation for quality, timeliness and value-added solutions. This success has been made possible by a flexible business model, with extensive use of subcontractors and long term international partnerships where these enable a more cost effective execution of projects. Examples of such cooperations include the 10 years strategic alliance agreement with the Chinese COOEC group, cooperation with the leading North American contractor Peter Kiewit & Sons, and the recently established joint venture with KBR, a global engineering, procurement, construction and services company.

"The Board of Directors is pleased with how Kvaerner has started to industrialise the contracting industry and the establishment of a more efficient value chain. To take the next step to ensure Kvaerner's long term growth and global competitiveness, we will consider further improvement initiatives, new industrial partnerships or changes to ownership structures, as well as a further streamlining of the products and services offered, says Leif-Arne Langøy, Chairman of the Board of Directors for Kvaerner ASA.

"It is fundamental to safeguard and continue to develop the strong expertise which has been established over decades in several of Kvaerner's businesses, for example at the specialised facilities at Stord and in Verdal, which we have invested in during the last years in order to increase their long term competitiveness. We will focus on increasing shareholder value and on industrial opportunities which will enable further growth of the company" concludes Langøy.

Greenhill & Co. International LLP have been retained by the company to advise on evaluating all strategic alternatives.

If the process results in recommending significant changes to Kvaerner's current strategy, business model or ownership, this will be presented to relevant governing bodies. Support from Aker Kvaerner Holding (AKH) will be required if a recommendation from the Kvaerner board would imply a change in AKH's ownership in Kvaerner, or a decision which requires 2/3 majority vote at Kvaerner's General Meeting.

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About Kvaerner:

Kvaerner is a leading provider of engineering, procurement and construction (EPC) services, and delivers offshore installations and onshore plants for upstream oil and gas production 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 2 800 HSSE-focused and experienced employees are recognized for delivering some of the world's most amazing and demanding projects.

In 2013, the Kvaerner group had consolidated annual revenues of close to NOK 13 billion and the company reported an order backlog at 30 June of more than NOK 21.5 billion. Kvaerner is publicly listed with the ticker "KVAER" at the Oslo Stock Exchange. For further information, please visit www.kvaerner.com.

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