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Kvaerner aims to grow in new business areas

Kvaerner establishes two new focus areas to grow its operations within both oil and gas projects and in renewable industries. With the new focus areas, the group is aiming for around 40 per cent growth within a few years, compared to revenues in 2018. The company will continue to be a main contractor that creates jobs and valuable ripple effects. At the same time, Kvaerner will contribute to development of new global industries that can deliver sustainable solutions for the future.

Kvaerner is globally recognised as a supplier with a continuous focus on health, safety and environment, and who always delivers at agreed quality, time and price. The corporation has realised many of the world's most demanding offshore oil and gas platforms that have been producing safely for decades in some of the world's most harsh environments.

Going forward, Kvaerner will expand operations with the growth areas renewables and floating production units. The aim is to increase annual revenue, from around NOK 7.3 billion in 2018 to NOK 10 billion within 2023. The company will continue to focus on delivering sound results and shareholder values.

Strong increase in the offshore wind market

Significant wind power projects are expected both on the Norwegian continental shelf and internationally. Kvaerner has already delivered over 50 units for offshore wind projects, and is currently involved in early phase work for several customers. In the future, Kvaerner also sees opportunities for wind power in other regions especially offshore Europe and North America.

–The market for the development of offshore wind power is growing exponentially. If such developments are to be profitable for both energy companies and society, it is important that suppliers can contribute with safe and efficient execution. We bring valuable knowledge from the oil industry where the cost over time has been significantly reduced, says Løken.

“From now on, Kvaerner will, together with customers, subcontractors, and public knowledge institutions etc. aim to build a whole new industry with jobs, expertise and value creation,” says Løken.

Of the prospects for oil and gas projects that are relevant for Kvaerner, it is expected that the time between projects related to large offshore platforms with fixed substructures will increase. At the same time, Kvaerner sees an increasing number of opportunities both in Norway and abroad for small unmanned platforms with steel jackets, and is also expecting growth for floating production units with hull storage capacity, so-called FPSOs. Presently, the group is executing the delivery of an FPSO to the Norwegian Johan Castberg field.

Factory for FPSOs

“We have efficient facilities for building platforms, with new automated production equipment and world-leading expertise. We believe that we are able to offer one of the world's best production lines for advanced FPSOs, focusing on secure execution within agreed quality, time and budget. We aim to win and execute a series of FPSO projects after Johan Castberg. A consistent activity like this resembles factory operations which will further improve both HSSE and productivity”, says Løken.

Changes in the executive management team

The organisation is adjusted for effective implementation of the new strategy. The number of members in the executive management team is reduced from nine to eight people.

A new area is established for projects within renewable industries, and another new area is established for FPSO's. All other projects are amalgamated in the area Process & Structures.

All employees involved in the execution of projects are amalgamated in the EPCI (Engineering, Procurement, Construction, Installation) area. The two specialised areas at Verdal and Stord are also organised under this unit. The areas Staff, Process Solutions og Concrete & New Solutions are discontinued as associated departments are also organised under EPCI. The EPCI resources will going forward be leveraged across all projects.

The other organisation units, Business Development, Finance and Legal & Corporate Support are continued with only minor changes. The organisational adjustments will not entail any staff reductions and will take effect from 1 October

“We rotate both managers and other key people between different roles. This contributes to our continuous sharing and further development of expertise. The foundation for our business is that we have employees who not only have experience and expertise, but also passion for how Kvaerner is going to create sustainable values for our customers and the community around us”, concludes Løken.

ENDS

For further information, please contact:

Media inquiries:

Torbjørn Andersen, Vice President, IR & Communications, Kvaerner, Tel: +47 928 85 542, email: torbjorn.andersen@kvaerner.com

Investor Relations:

Idar Eikrem, EVP & CFO, Kvaerner, +Mob: +47 950 28 363, email: ir@kvaerner.com

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>). To subscribe or unsubscribe to our press releases, please see our web page: <http://www.kvaerner.com/subscribe>