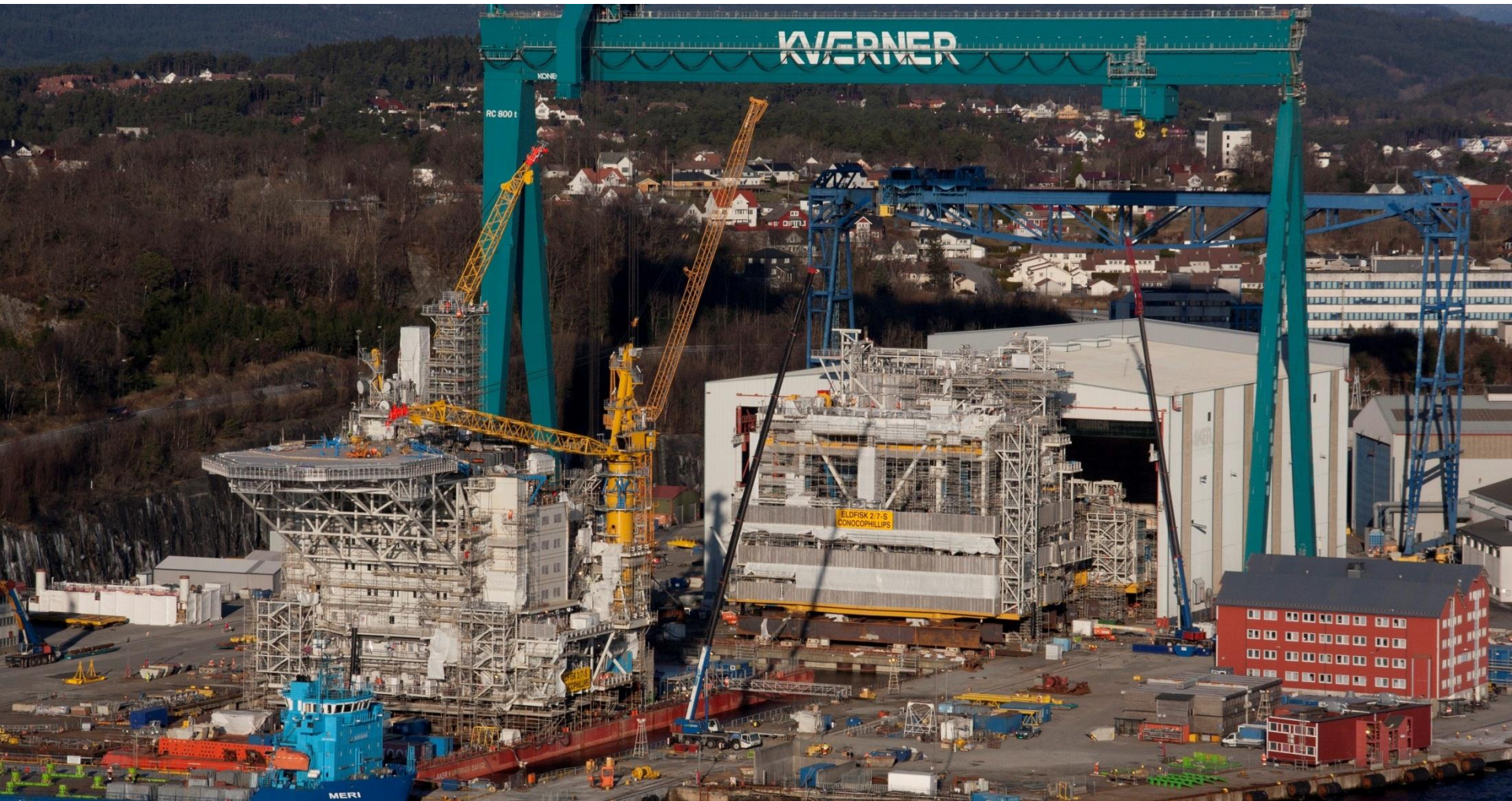


**KVÆRNER™**

# Fourth quarter results 2013



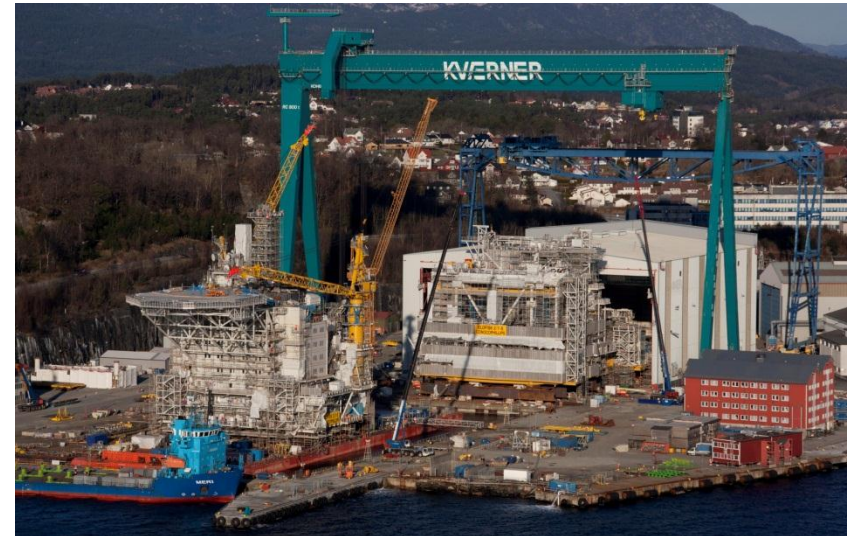
# Highlights

## Fourth quarter 2013

- › Divestment of North American Construction business
- › High activity and good utilisation
- › Enhancing competitive strength
- › Order backlog of NOK 22.8\* billion

## Subsequent events

- › NOK 500 million loan facility extended
- › Dividend proposed by the Board

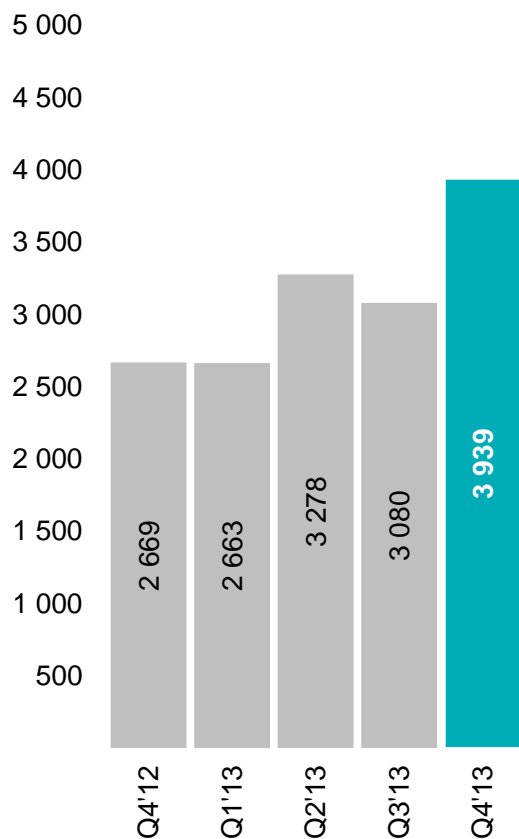


*The Eldfisk topside under construction at Stord.*

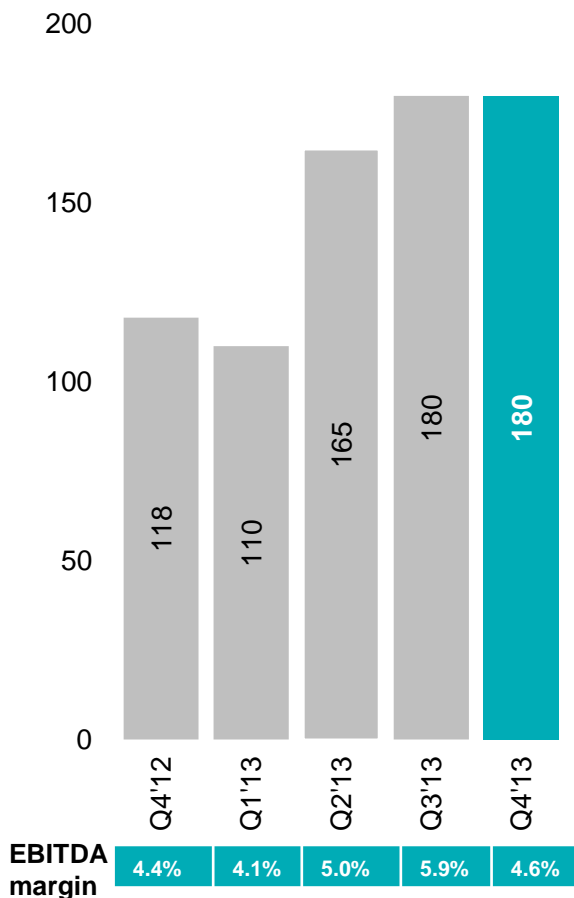
\* Including incorporated joint ventures.

# Key financials

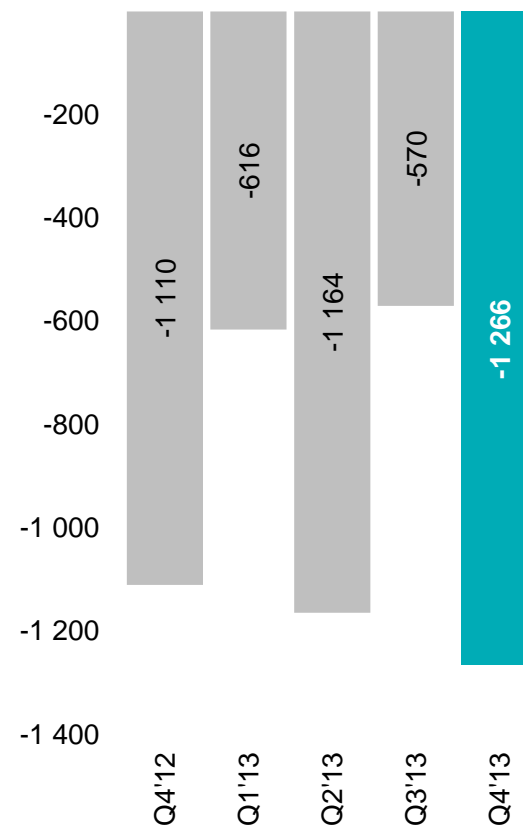
**Revenues**  
NOK million



**EBITDA**  
NOK million



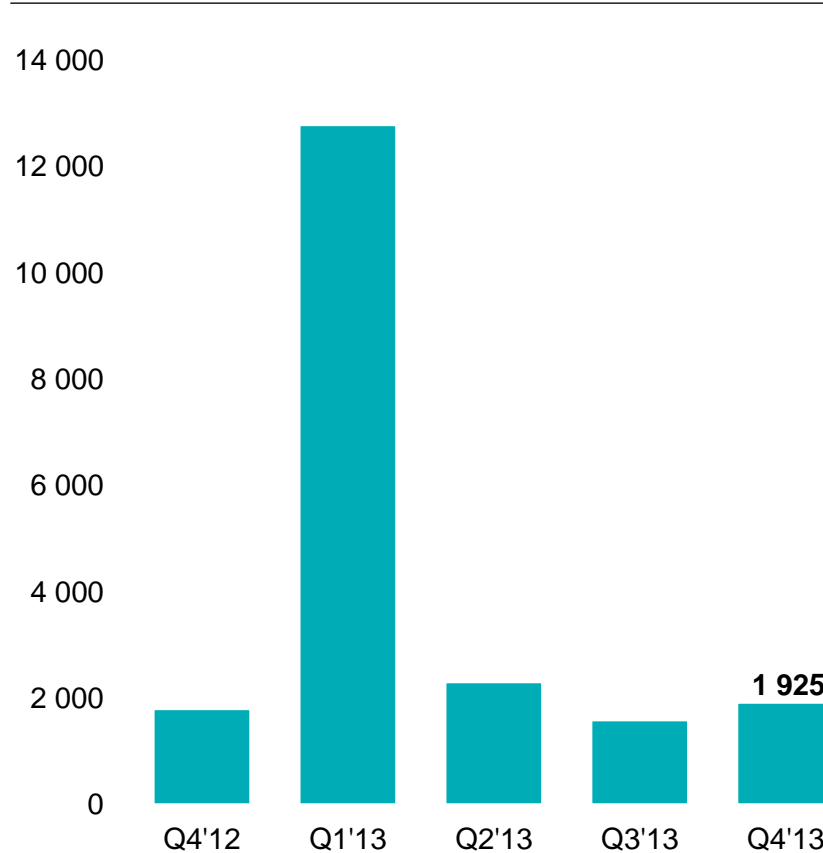
**Net current operating assets**  
NOK million



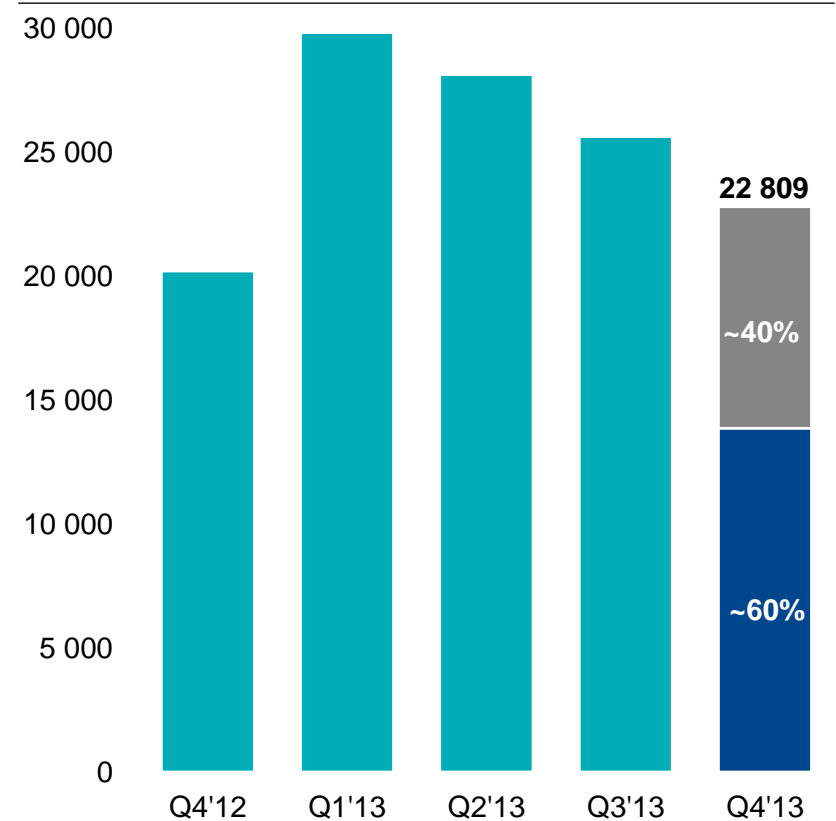
Note: All historical figures restated after sale of the North American Construction business.

# Order intake and -backlog

**Order intake**  
NOK million



**Order backlog**  
NOK million



■ For execution in 2014  
■ For execution in 2015 and later

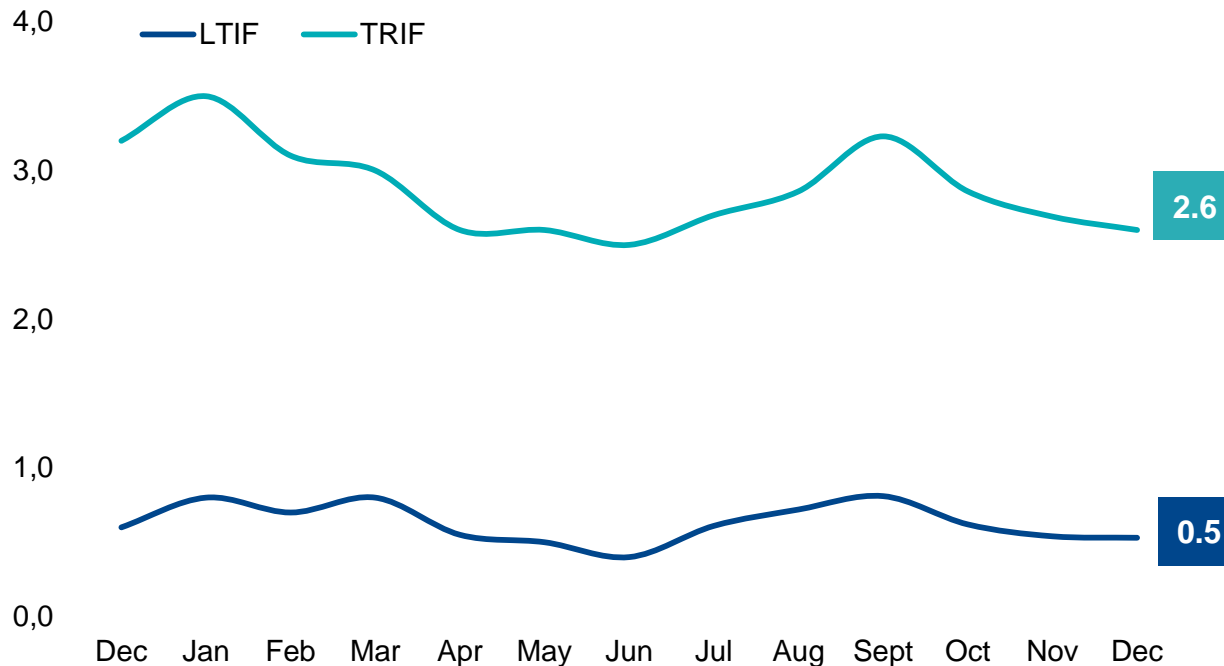
*Estimated scheduling as of 31 December 2013*

*Note: All figures include incorporated joint ventures.*

# Health, safety, security and environment

- > One lost time injury
- > Three serious incidents
- > Total of 9 recordable incidents

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



## Highlights

Increased focus on:

- > Risk recognition
- > Perception
- > Tolerance

# Operational highlights

- › Final assembly activities for Eldfisk on-going
- › First steel section for Edvard Grieg topside arrived from Poland
- › Mechanical outfitting installation work on-going on Hebron
- › High activity on assembly of E. Grieg and M. Linge jackets

ELDFISK TOPSIDE



EDVARD GRIEG TOPSIDE



HEBRON GBS

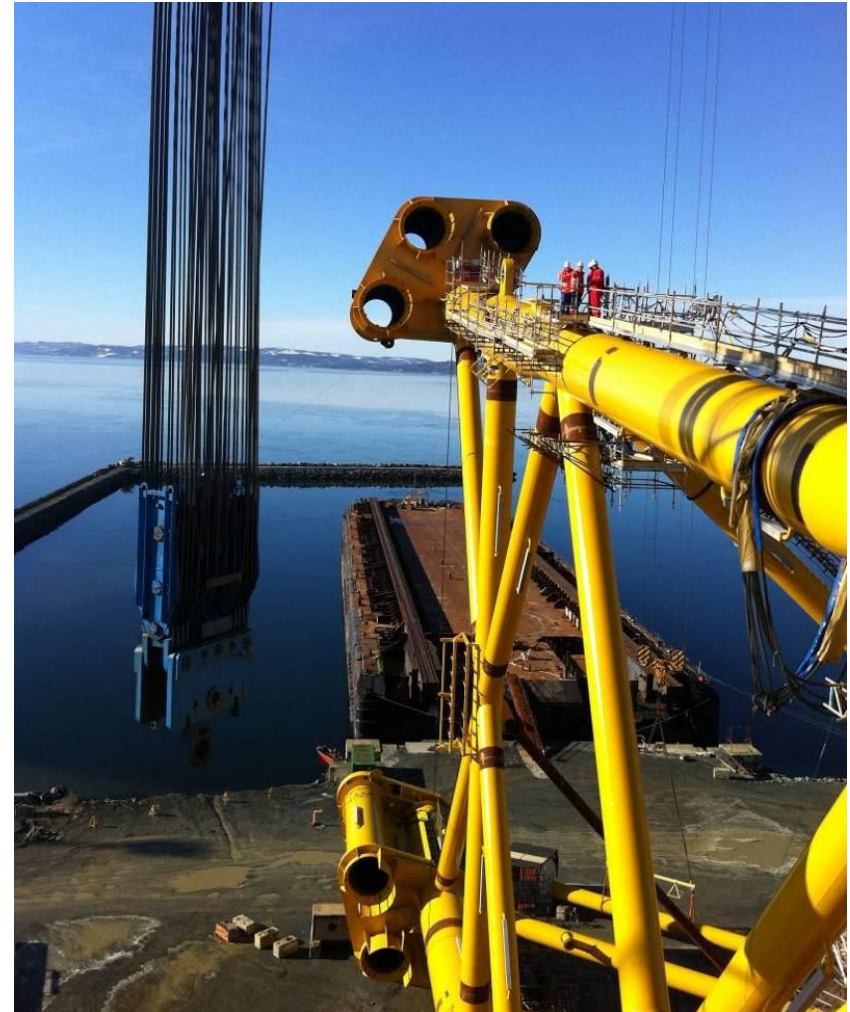


EDVARD GRIEG JACKET



# Strategy for future opportunities at Verdal in process

- Full speed on ongoing projects
  - Current jacket projects completed spring 2014
- Contribution to other Kvaerner projects
- New project opportunities
  - Positioning for Sverdrup jackets
  - Other prospects with award in 2014
- Growth plan for Piping Technology
- Options being assessed
  - Conclusion during 1H 2014



# Fourth quarter financials

Eiliv Gjesdal, Chief Financial Officer

**KVÆRNER**<sup>™</sup>

# Income statement

<i>Amounts in NOK million</i>	Q4 2013	Q3 2013 Restated	Q4 2012 Restated	FY 2013	FY 2012 Restated
Total revenue and other income	3 939	3 080	2 669	12 960	8 867
<b>EBITDA</b>	<b>180</b>	<b>180</b>	<b>118</b>	<b>636</b>	<b>417</b>
Depreciation and amortisation	(18)	(16)	(17)	(63)	(58)
<b>EBIT</b>	<b>162</b>	<b>165</b>	<b>101</b>	<b>573</b>	<b>359</b>
Net financial income/(expense)	(54)	(13)	(20)	(96)	(11)
Profit from associated companies and JVs and impairments	(53)	(3)	(6)	(78)	(8)
<b>Profit before tax</b>	<b>54</b>	<b>148</b>	<b>75</b>	<b>399</b>	<b>337</b>
Income tax expense	(43)	(47)	(38)	(160)	(179)
<b>Profit from continuing operations</b>	<b>11</b>	<b>101</b>	<b>36</b>	<b>239</b>	<b>158</b>
<b>Profit discontinued operations</b>	<b>237</b>	<b>(17)</b>	<b>18</b>	<b>206</b>	<b>79</b>
<b>Net profit</b>	<b>248</b>	<b>84</b>	<b>55</b>	<b>445</b>	<b>237</b>
EBITDA margin	4.6 %	5.9 %	4.4 %	4.9 %	4.7 %

*Note: Following sale of operations, the Downstream & Industrials segment has been classified as discontinued operations, with comparative figures restated.*

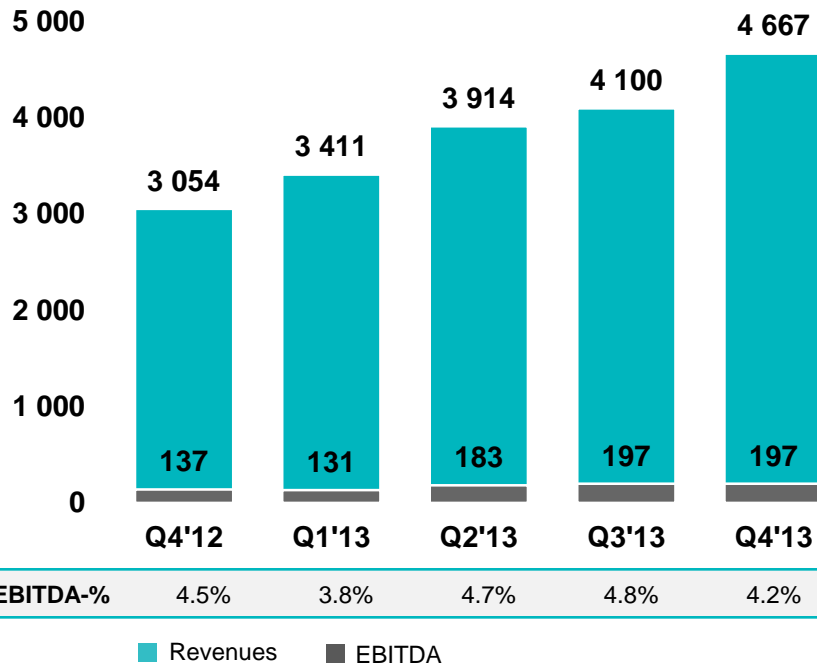
*Revenues excluding incorporated joint ventures.*

# Upstream review

## > Financials

- Change in revenue mix

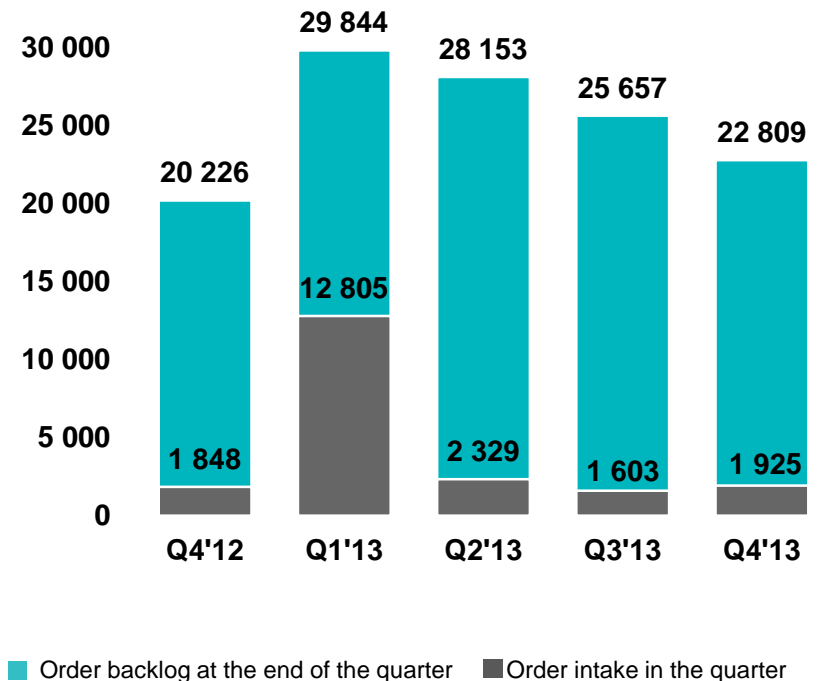
Revenues, EBITDA and EBITDA margin  
NOK million



## > Orders

- Growth in existing contracts

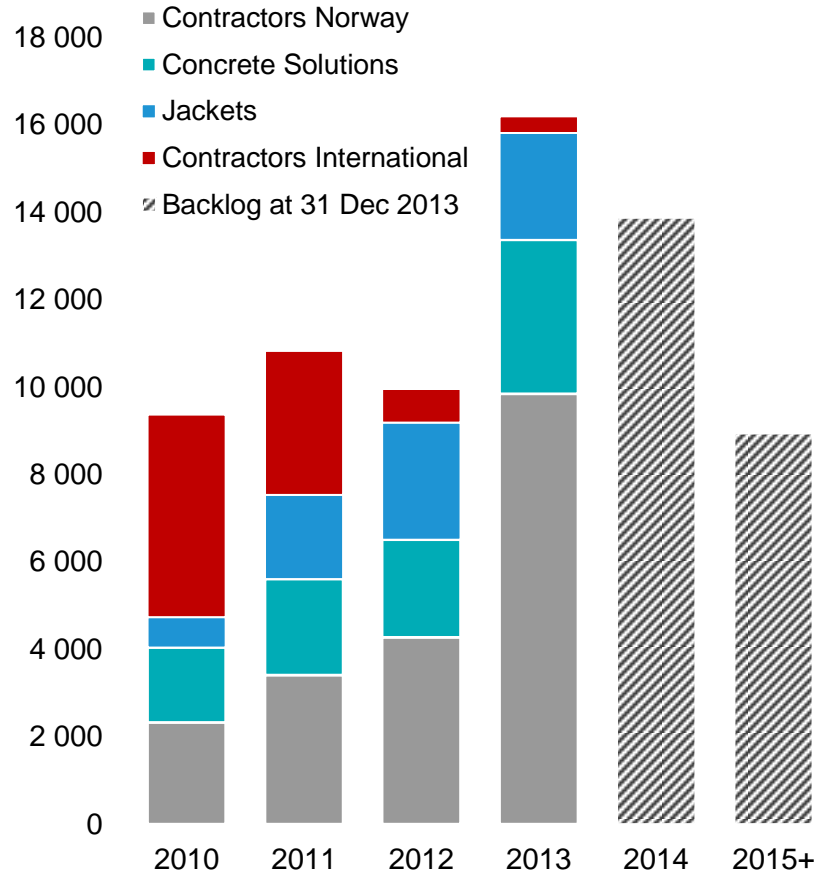
Order backlog and order intake  
NOK million



Note: All figures include incorporated joint ventures.

# 2014 view

## Revenues and backlog NOK million



### > Contractors Norway

- Revenue potential of NOK 8-10 billion from one topside delivered each year plus onshore work

### > Contractors International

- Revenue potential depending on build up following project wins

### > Jackets

- Low activity level expected in yard
- Work force to be utilised on other projects

### > Concrete Solutions

- Current revenue potential of NOK 2-3 billion from one EPC project

- > Corporate costs of NOK 70-80 million annually

# Sale of North American Construction

<i>Amounts in NOK million</i>	Q4 2013	Q4 2012	FY 2013	FY 2012
Total revenue and other income	782	261	1 666	1 887
<b>EBIT</b>	<b>298</b>	<b>5</b>	<b>268</b>	<b>53</b>
Of which:				
Operations	(7)	5	(37)	11
Gain on sale of business <sup>1)</sup>	304	-	304	42
Net profit	237	18	206	79
Basic and diluted earnings per share (NOK)	0.88	0.07	0.77	0.29

<sup>1</sup> Further, foreign currency effects of NOK 32 million have been expensed and recycled over profit and loss following the sale, resulting in net gain on sale of NOK 272 million.

- Onshore construction business sold to Matrix Service Co.
- Transaction settled in cash in December 2013 with financial effects recognised in the fourth quarter 2013 accounts
- No remaining operations in the US within the Downstream & Industrials segment:
  - Assets and liabilities related to the contract with Longview Power LLC, including any financial effects of the arbitration retained
  - Costs related to remaining legacies presented as discontinued operations in the financial statements (legal costs estimate: ~USD 1 million a month)

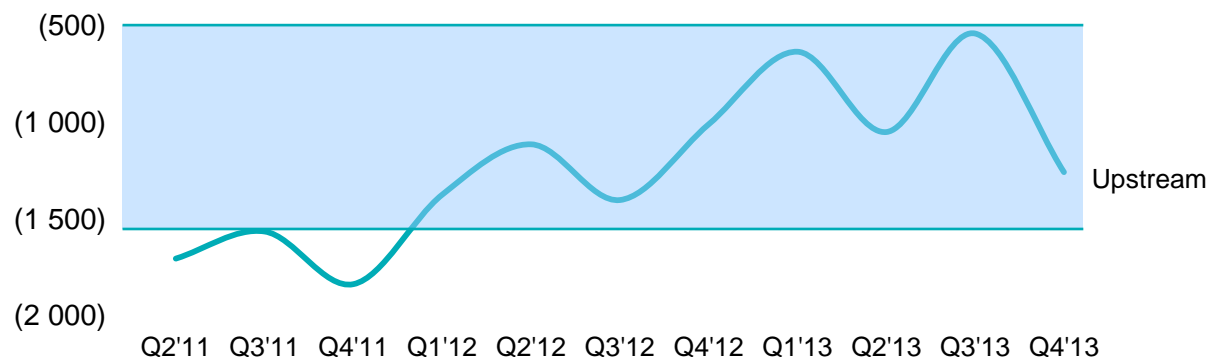
# Cash flow and working capital development

Amounts in NOK million	Q4 2013	Q3 2013	Q4 2012	FY 2013	FY 2012
Cash flow from operating activities	694	(386)	(293)	606	(748)
Cash flow from investing activities	341	(72)	(23)	208	(91)
Cash flow from financing activities	(168)	(7)	(190)	(356)	(481)
Translation adjustments	(4)	1	(75)	19	(29)
<b>Net increase/(decrease) in cash and bank deposits</b>	<b>864</b>	<b>(465)</b>	<b>(580)</b>	<b>476</b>	<b>(1 349)</b>

- > Customer pre-payments<sup>1</sup> of NOK 16 million
- > Fluctuations in working capital must be expected
- > Capital tied up in the Nordsee Ost project

## Net current operating assets (NCOA)

NOK million



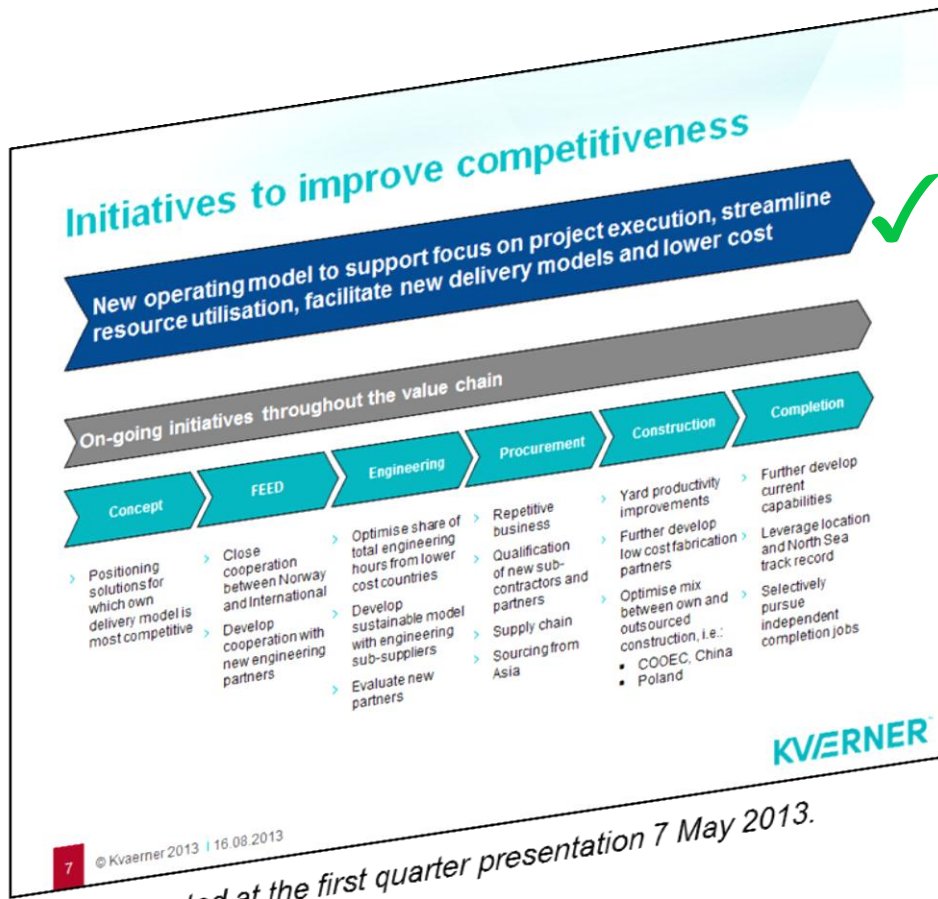
<sup>1</sup> Invoicing in excess of cost and estimated earnings less amounts billed in advance but not received (on a project by project basis).

# Balance sheet

<i>Amounts in NOK million</i>	31.12.2013	30.09.2013	31.12.2012 Restated
<b>Assets</b>			
Total non-current assets	2 150	2 267	2 218
Prepaid company tax	93	130	91
Current operating assets	3 121	3 808	2 660
Total cash and bank	1 545	681	1 069
Retained assets on business sold	916	-	-
<b>Total assets</b>	<b>7 825</b>	<b>6 886</b>	<b>6 039</b>
<b>Total equity</b>	<b>2 511</b>	<b>2 348</b>	<b>2 195</b>
Non-current interest bearing liabilities	479	477	469
Other non-current liabilities	170	201	172
Current operating liabilities	4 387	3 838	3 175
Current tax liabilities	56	22	28
Retained liabilities on business sold	223	-	-
<b>Total liabilities</b>	<b>5 315</b>	<b>4 538</b>	<b>3 844</b>
<b>Total equity and liabilities</b>	<b>7 825</b>	<b>6 886</b>	<b>6 039</b>
<b>Equity ratio</b>	<b>32 %</b>	<b>34 %</b>	<b>36 %</b>
<b>Net cash</b>	<b>1 069</b>	<b>256</b>	<b>650</b>

- NOK 500 million loan facility extended to May 2016 at improved terms
- NOK 2.5 billion revolving credit facility not utilised as of year-end 2013

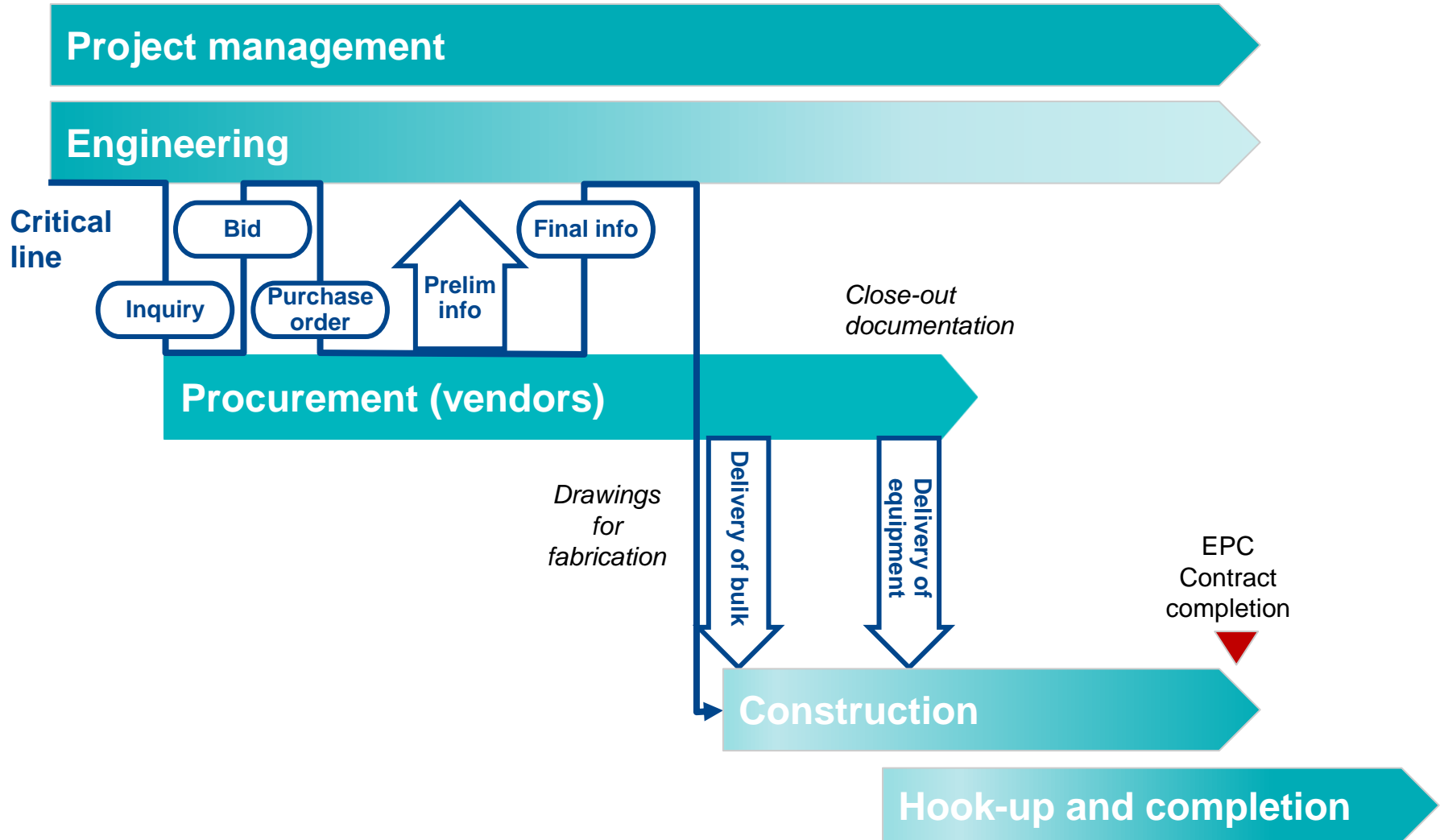
# Way forward and closing remarks



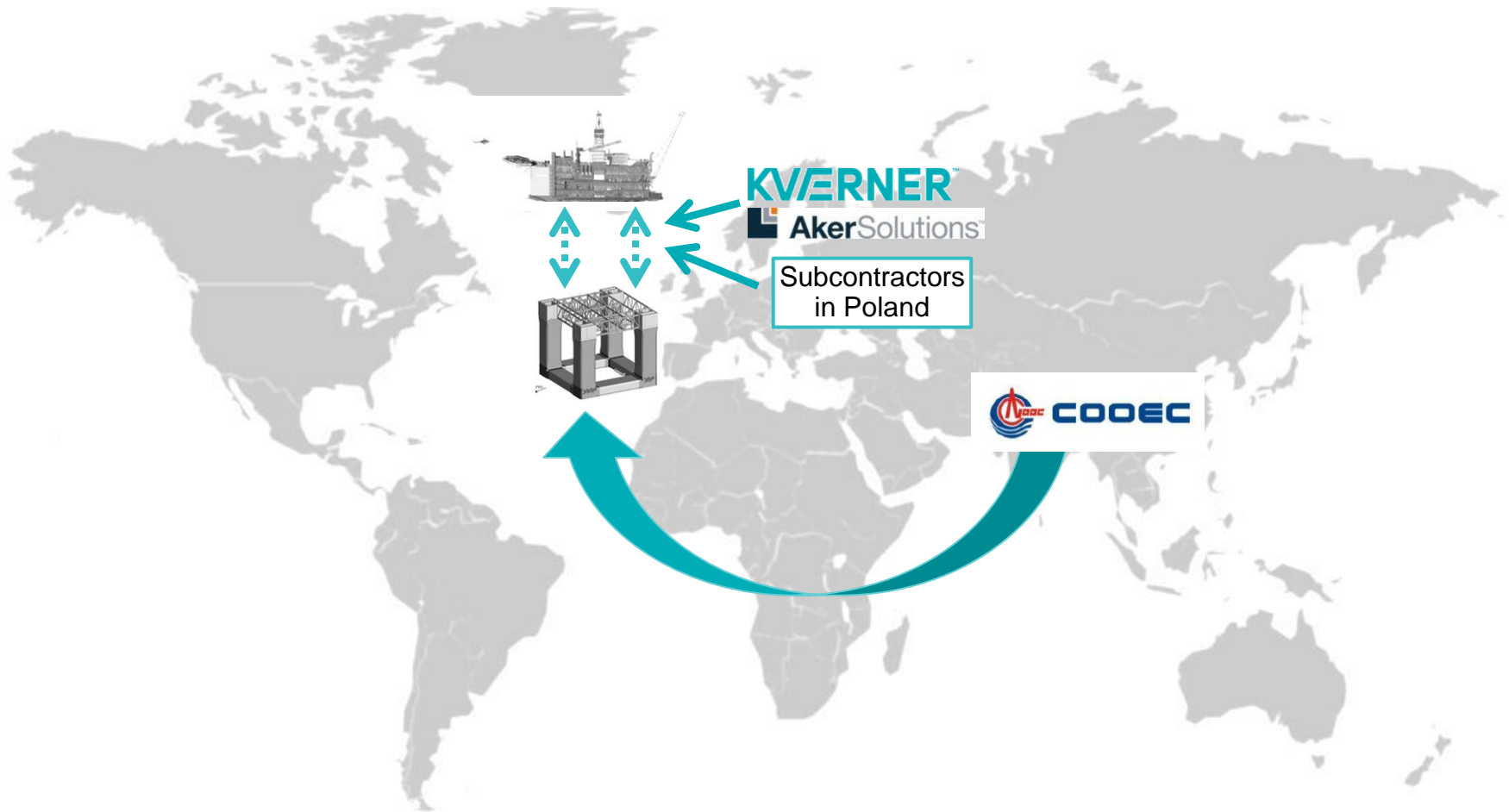
Slide presented at the first quarter presentation 7 May 2013.



# Industrialised project execution



# Streamlined cost base both internally and through partners and suppliers

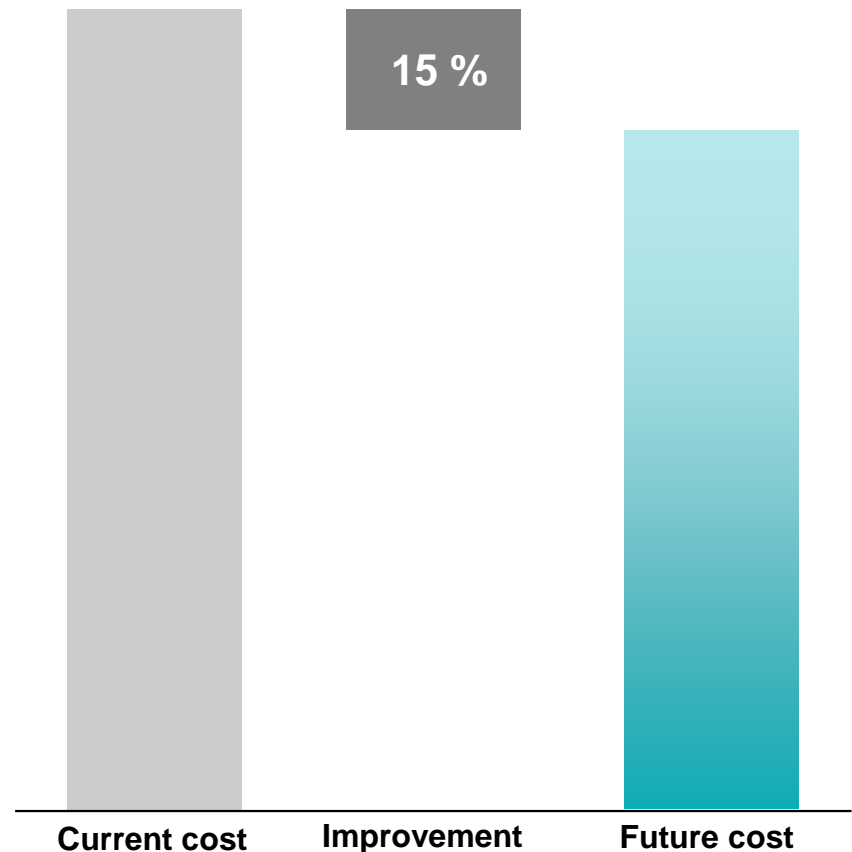


# Competitive position

## Status:

- › Strong order backlog won in international competition
- › Several bids lost to competitors winter 2012/2013
- › Pre-qualified as one of few international bidders for new developments
  - Browse TLP (concept now changed)
  - White Rose GBS (prospect)
- › Market demands further improvements

## Targeting 15 % cost reductions



# Opportunities in all target markets

## Alaska & Canada

- Several activities on-going to position Kvaerner's solutions
- High potential in Newfoundland and Labrador with identified near term and future projects

## North Sea

- Johan Sverdrup key target
- Several completion and hook-up project opportunities
- Some projects may slip

## Caspian

- Strong future market, uncertain timing
- Kashagan Phase 1 start-up issues

## Arctic Russia

- Strong future market
- Studies on-going in several areas
- Year-around drilling key challenge

## Asia Pacific

- Multiple opportunities within next 24 months
- Robust delivery model established

# Completion contracts for Aasta Hansteen

## > Technip Norge:

- Services and assistance for upending of the hull
- Preparation of the Spar for mating with the topside

## > Hyundai Heavy Industries:

- Services for inshore and offshore hook-up
- Commissioning assistance for the topside



Mating of Gullfaks C at Digernessundet, Norway

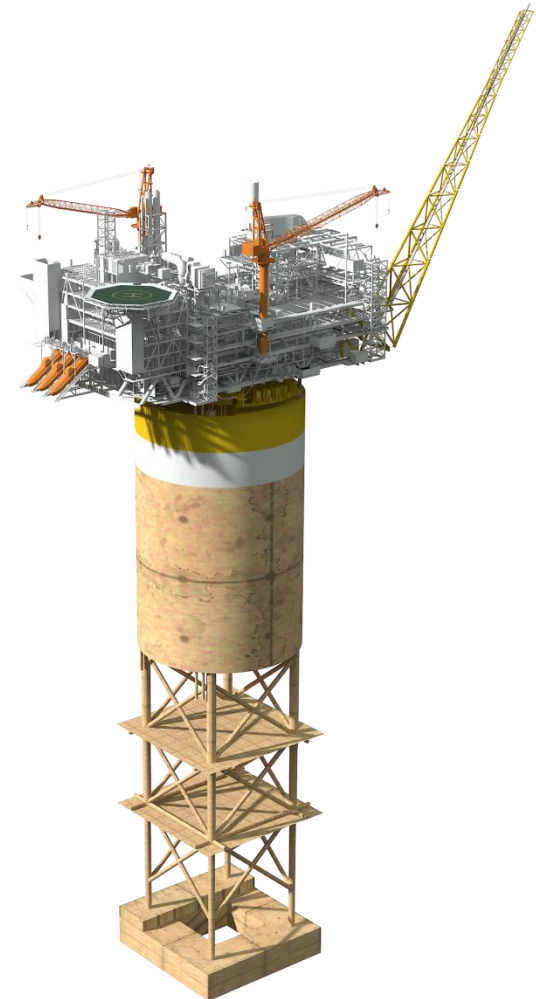


Illustration: Statoil

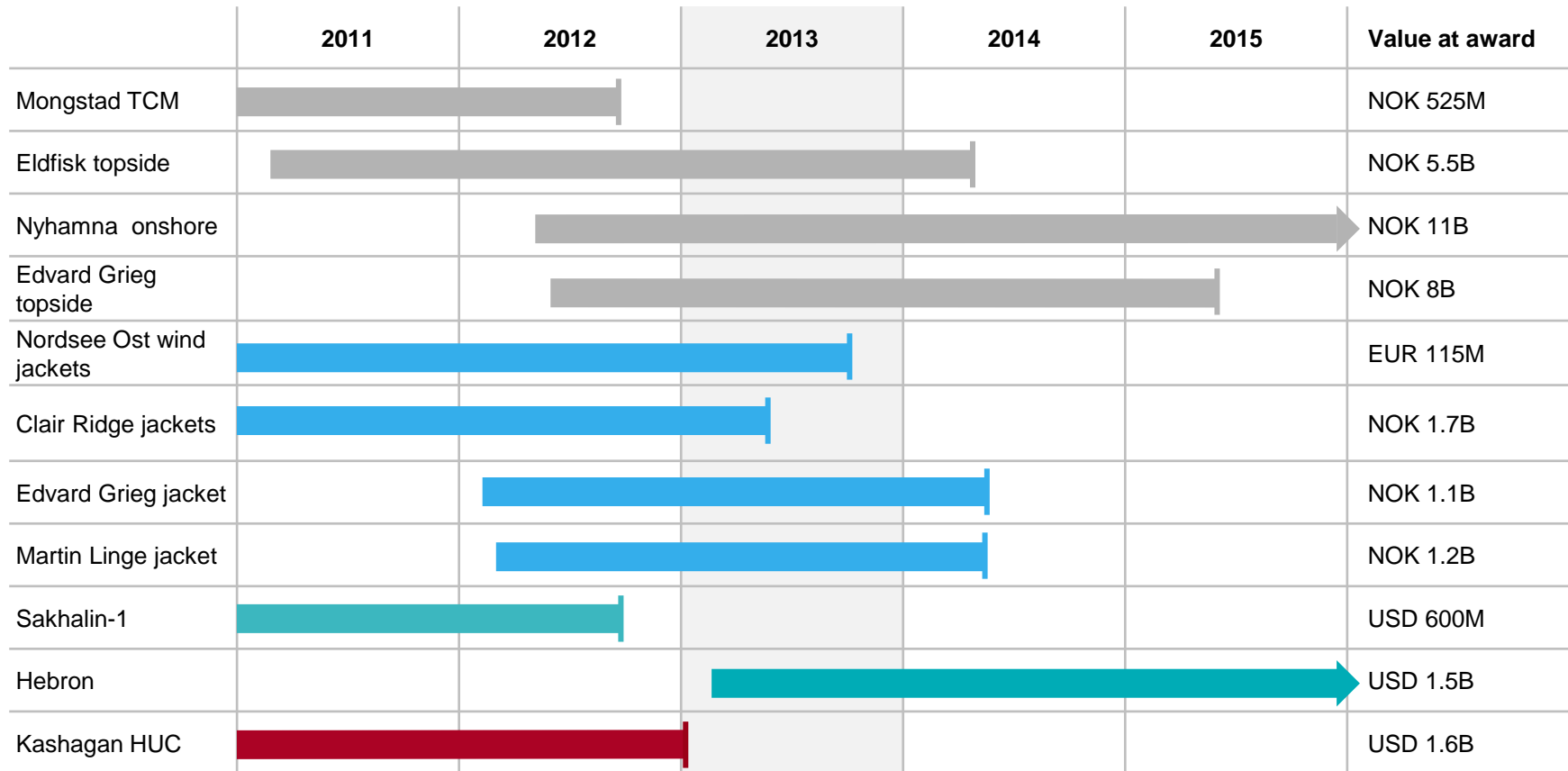
# Summary

- **Execute and deliver according to specifications**
- **Enhance competitive strength-targeting 15% cost reduction**
- **Strong order backlog**
- **Predictable dividend policy**

- **HSSE – core value and licence to operate**
- **Maintain and develop home markets**
- **International expansion**
- **Hands-on management**

# APPENDIX

# The current EPC project portfolio



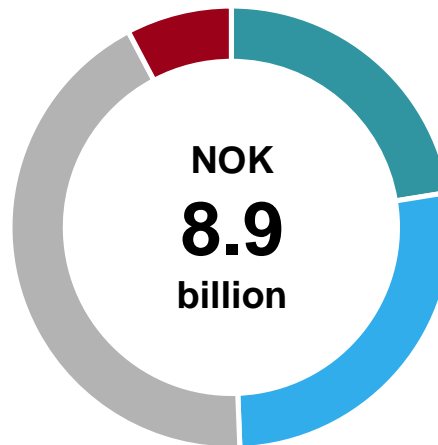
█ Contractors Norway 
 █ Jackets 
 █ Concrete Solutions 
 █ Contractors International

# Revenue distribution – continuing operations

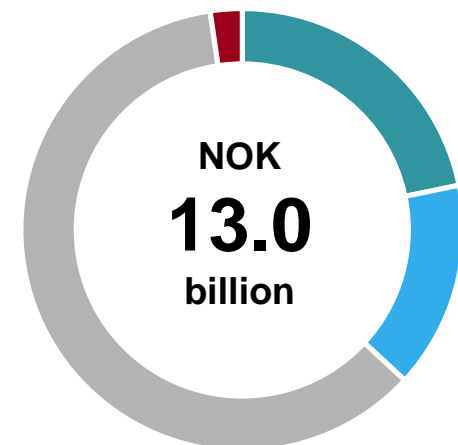
Share of revenues 2011  
Percent



Share of revenues 2012  
Percent



Share of revenues 2013  
Percent



■ Contractors International   ■ Concrete Solutions   ■ Jackets   ■ Contractors Norway

# Copyright and disclaimer

## Copyright

Copyright of all published material including photographs, drawings and images in this document remains vested in Kvaerner and third party contributors as appropriate. Accordingly, neither the whole nor any part of this document shall be reproduced in any form nor used in any manner without express prior permission and applicable acknowledgements. No trademark, copyright or other notice shall be altered or removed from any reproduction.

## Disclaimer

This Presentation includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. These statements and this Presentation are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for Kvaerner ASA and Kvaerner ASA's (including subsidiaries and affiliates) lines of business. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for Kvaerner's businesses, oil prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time in the Presentation. Although Kvaerner ASA believes that its expectations and the Presentation are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in the Presentation. Kvaerner ASA is making no representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the Presentation, and neither Kvaerner ASA nor any of its directors, officers or employees will have any liability to you or any other persons resulting from your use.