

Information about the business

Annual General Meeting, 24 March 2020

KVÆRNER™

Highlights 2019

- Strategic breakthrough, Hywind Tampen
- Johan Sverdrup phase 1 in production
 - Successful delivery of 3 jackets and ULQ topside
- Valhall Flank West WHP in production
 - Successful delivery of jacket and topside
- Updated strategic direction:
 - High focus on green industrial projects
 - Steady focus on traditional oil & gas projects



Contract, Hywind Tampen offshore wind

Best in class HSSE – Competitive advantage

Positive development in 2019:

- No serious injuries
- High HSSE attention throughout org.
- Joint industry campaign for safety
 - Equinor, Kvaerner, Aker Solutions, Aibel, Worley

- One serious incident
- Need to reduce minor medical treatment

KVÆRNER™

AkerSolutions

Worley
energy | chemicals | resources

aibel®



equinor



Necessary measures against the covid-19 virus

- Reduce number of people meeting each other at work
 - Home office solutions are used when possible
 - ~1 200 foreign hired-ins demobilised
- Comprehensive measures taken to prevent infection:
 - Travel restriction, reduced commuting, meetings etc.
- Support to the health authorities:
 - Donation of protective gear, foundations, consulting
- About 130 employees in quarantine
 - 1 employee confirmed infected

	December 2019
Own employees	2 730
Hired-in	3 630

	March 2020
Own employees	2 720
Hired-in	595

Continuous assessments of risks and operations

- › Kvaerner is closely monitoring the development in the covid-19 virus pandemic*
 - Regulations and recommendations from public authorities implemented
 - Hired-in personnel based in camps at the Stord and Verdal yards demobilised
 - Precautions implemented to prevent negative impact on ongoing projects as well as future business opportunities
- › Kvaerner is negatively affected by both corona virus development and measures for virus protection, as well as by volatile oil price and disruptions in global markets and demand
- › It is too early to estimate effects on Kvaerner with respect to financial results and operations, due to the virus situation and the market volatilities.
 - Evaluation and management of risk associated with these factors, and implementation of further risk mitigation measures if necessary, continues as a key focus area for the Board of Directors and the administration in 2020
- › Execution of ongoing projects continues as effectively as possible, with fewer hired in personnel
 - Higher share of own employees, internal resource allocations, etc.

Project implementation continues with own employees

Johan Castberg FPSO

Njord A upgrade

Sverdrup P2 jacket

Sverdrup RP module

Hydro Husnes Aluminium

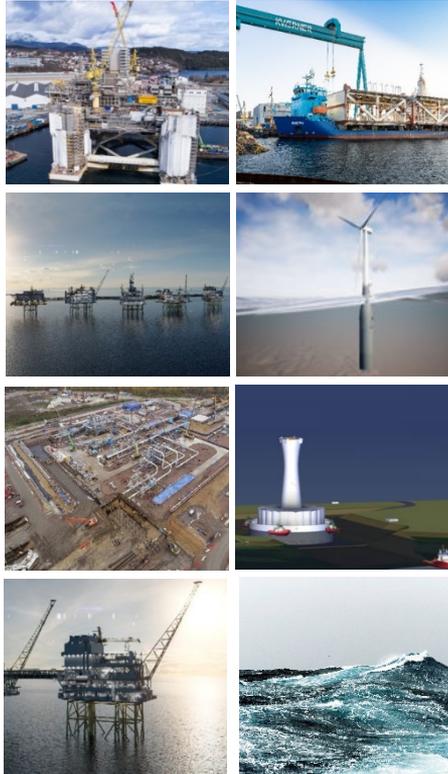
Hywind Tampen offshore wind

Removal of platform, Canada

West White Rose marine ops

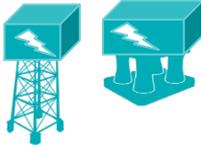
Nord Stream 2 onshore

Decommissioning



- Ongoing projects progress
- Higher share in use of own employees until virus-risk is clarified
- Cost reductions. Temporary leave where it is relevant

Markets

Process & Structures	FPSOs	Renewables
 <p>OIL AND GAS PLATFORM TOPSIDES</p>  <p>OIL AND GAS PLATFORM STEEL SUBSTRUCTURES</p>  <p>UNMANNED WELLHEAD PLATFORMS</p>  <p>CONCRETE SUBSTRUCTURES FOR OIL AND GAS PLATFORMS</p>  <p>MARINE OPERATIONS</p>  <p>ONSHORE PROCESS PLANTS</p>  <p>UPGRADING & MODIFICATION</p>  <p>DECOMMISSIONING & RE-USE / RECYCLING</p>	 <p>FLOATING PRODUCTION STORAGE AND OFFLOADING VESSELS</p>	 <p>OFFSHORE WIND TURBINE PLATFORMS</p>  <p>OFFSHORE WIND CONVERTER PLATFORMS</p>  <p>HYDROGEN AND BIOFUEL FACILITIES</p>  <p>CARBON CAPTURE FACILITIES</p>

Positioning for new potential projects and contracts, including renewable business areas:

- Offshore wind power projects, prospects for smaller units and larger convert platforms
- CCS facilities, including MoU with Fortum regarding possibilities at the Klemetsrud plant
- Sea-farm related projects
- Decommissioning and re-use of outmoded offshore installations
- Etc.

Strong focus on Environment, Social, Governance



E

- › Reducing world CO₂ emissions
 - Delivering offshore wind power + onshore facilities for CCS and green energy
 - Green shipping – ZEEDS initiative
 - C4IR initiative, green ocean technologies
 - Green electricity in own yard operations
 - Annually recycling >15 000 tonnes steel, use ~23 000 tonnes in new projects



S

- › Education, local value creation, diversity, health
 - Typically >100 apprentices every year
 - A key company in the «Stord-model» for education
 - Machine Learning Camp 2019 and 2020
 - Project execution model tailored to enable local content and jobs
 - Participant in «Including work» public programme
 - VI foundation, support to handicapped people



G

- › Governance principles
 - Based on NUES recommendations
 - Systematic risk monitoring
 - Policies for zero corruption, high standards for ethics and human rights
 - Step-wise implementation of TCFD reporting

- › CCS: Carbon Capture and Storage
- › ZEEDS: Zero Emission Energy Distribution at Sea
- › C4IR: Centre For Industrial Revolution, established by the Aker-related companies -
- › NUES: Norsk Utvalg for Eierstyring og Selskapsledelse (Norwegian board for good corporate governance practice)
- › TCFD: Task Force for Climate related Financial Disclosure

Strategic direction

Well positioned:

- › HSSE – Best in class ambition
- › Leading execution model
- › Business model based on design-build contract, based on solid and positive cash flow
- › Well positioned for new projects
 - Renewable business areas
 - Oil & gas projects



Main focus spring 2020

- Protect lives and health during the corona pandemic
 - Handle the company and its operations as well as possible during the crisis
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- Prepare for the aftermath of the crisis
 - Develop the company's business possibilities

Kværner er en samfunnsbygger

Annual accounts

KVÆRNER™

Income statement

<i>Amounts in NOK million</i>	2019	2018
Total revenue and other income	9 032	7 220
Materials, goods and services	(5 946)	(4 372)
Salaries, wages and social security costs	(2 441)	(2 260)
Other operating expenses	(147)	(151)
EBITDA	498	437
Depreciation, amortisation and impairment	(193)	(110)
EBIT	306	327
Net financial income/(expense)	2	11
Profit before tax	307	338
Income tax expense	(64)	(60)
Profit from continuing operations	244	278
Profit from discontinued operations	(10)	0
Net profit	233	278
EBITDA	498	437
Adjustment for equity accounted investees ¹	6	(9)
Adjusted EBITDA	505	427
Adjusted EBITDA margin	5.6 %	5.9 %

¹ Adjustment for embedded foreign currency derivatives impact in jointly controlled entities closely related to Kvaerner's operating activities

Kvaerner group - Balance sheet

<i>Amounts in NOK million</i>	31.12.2019	31.12.2018
Assets		
Total non-current assets	2 126	1 753
Current tax assets	1	-
Current operating assets	1 906	1 402
Total cash and bank	2 324	3 165
Retained assets of business sold	0	0
Total assets	6 357	6 320
Equity and liabilities		
Total equity	3 385	3 439
Non-current lease liabilities	87	-
Other non-current liabilities	556	494
Current lease liabilities	36	-
Current operating liabilities	2 267	2 351
Current tax liabilities	1	0
Retained liabilities of business sold	26	35
Total liabilities	2 972	2 880
Total equity and liabilities	6 357	6 320
Equity ratio	53 %	54 %
Net interest bearing deposits and loans pre IFRS 16	2 344	3 165

Kværner ASA - Income statement and allocation of profit/(loss)

<i>Amounts in NOK thousand</i>	2019	2018
Operating revenue	28 491	30 005
Operating expenses	(34 715)	(34 594)
EBIT	(6 224)	(4 589)
Net financial items	174	(10 502)
Profit/(loss) before tax	(6 050)	(15 091)
Tax income/(expense)	1 616	625
Net profit/(loss)	(4 434)	(14 466)

The Board of Directors propose the following allocation of net loss:

Proposed dividend	134 500	269 000
Transferred to/(from) other equity	(138 934)	(283 466)
Total allocated	(4 434)	(14 466)

Kværner ASA Balance sheet

<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2018
Assets		
Deferred tax asset	60 593	58 932
Investments in group companies	4 918 771	4 918 771
Non-current interest-bearing receivables from group companies	1 055 528	1 021 360
Total non-current assets	6 034 892	5 999 063
Non interest-bearing receivables from group companies	-	13 409
Other current receivables	14 490	5 561
Cash and cash equivalents	7 005	53 313
Total current assets	21 495	72 283
Total assets	6 056 387	6 071 346
Equity and liabilities		
Total equity	3 925 178	4 064 156
Non-current liabilities	7 767	10 337
Total non-current liabilities	7 767	10 337
Interest-bearing current liabilities to group companies	1 900 806	1 586 447
Non-interest-bearing current liabilities to group companies	13 196	-
Provision for dividend	134 500	269 000
Other current liabilities to related parties	154	1 603
Other current liabilities	74 786	139 803
Total current liabilities	2 123 442	1 996 853
Total equity and liabilities	6 056 387	6 071 346

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