Second quarter and half year results 2019

12 July 2019

KVÆRNER ASA – SECOND QUARTER AND HALF YEAR RESULTS 2019

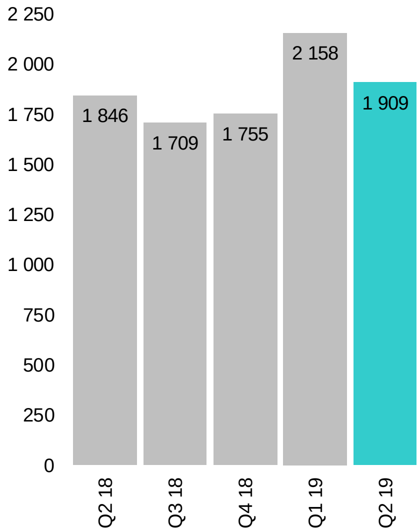
FIRST HALF YEAR HIGHLIGHTS

- **Operations and results on track**
- **Aasta Hansteen spar platform in operation after offshore commissioning phase**
- **EPC complete for Johan Sverdrup ULQ topside, offshore commissioning at field centre on-going**
- **Topside and jacket for Valhall Flank West normally unmanned wellhead platform installed**
- **Contract signed for Husnes aluminium plant upgrade**
- **Hywind Tampen offshore wind power FEED completed**
- **Several on-going studies for offshore wind power prospects**
- **Contract signed for marine operations to remove a used platform offshore Canada**
- **Contract signed for decommissioning of Statfjord A platform**
- **FEED contract signed for Jackdaw wellhead platform**
- **High marketing and bidding activity, including several bids for wind power**
- **Dividend of NOK 1.00 per share paid in April**

FINANCIAL HIGHLIGHTS – FIELD DEVELOPMENT SEGMENT[1]

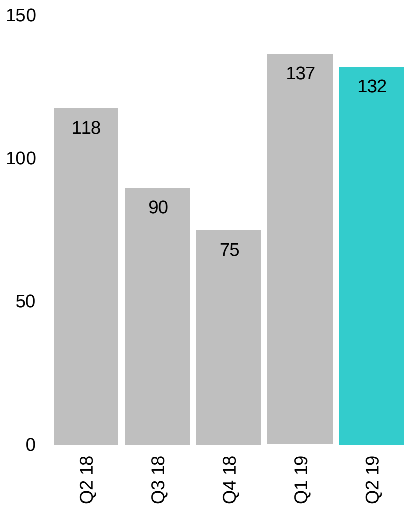
Operating revenue

NOK million



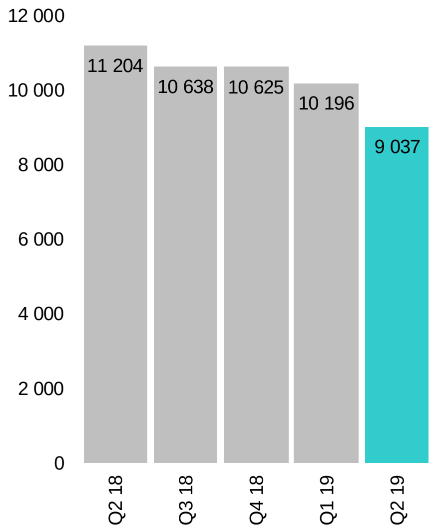
EBITDA

NOK million



Order backlog

NOK million



[1]The main differences between the Field Development figures and group figures presented are Kvaerner's share of revenues from jointly controlled entities included in Field Development and unallocated costs deducted

FIELD DEVELOPMENT SEGMENT[1]

FINANCIAL REVIEW

Amounts in NOK million	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Total revenue and other income	1 909	1 846	4 067	3 789	7 253
EBITDA [2]	132	118	269	323	487
EBITDA margin	6.9 %	6.4 %	6.6 %	8.5 %	6.7 %
Net current operating assets (NCOA)	(671)	(839)	(671)	(839)	(885)
Order intake	732	1 941	2 423	6 956	9 827
Order backlog	9 037	11 204	9 037	11 204	10 625
Employees	2 785	2 610	2 785	2 610	2 698

[1]The Field Development segment reporting includes Kvaerner's share (proportionate consolidation) of jointly controlled entities closely related to Kvaerner's operating activities

[2] EBITDA definition: Earnings before Interest (net financial items), Taxes, Depreciation, Amortisation and Impairment

Operating revenue from the Field Development segment was NOK 1 909 million in second quarter 2019, compared to NOK 1 846 million in second quarter 2018. The slight increase is explained by higher activity within Process Solutions offset by lower revenue from Structural Solutions. EBITDA amounted to NOK 132 million, resulting in an EBITDA margin for the quarter of 6.9 percent, compared to EBITDA of NOK 118 million and 6.4 percent EBITDA margin in second quarter 2018.

The increase in EBITDA and EBITDA margin compared to second quarter 2018 is due to recognition of accumulated profit for project starting recognition of margin and positive effects from projects in close out phase. Quarterly fluctuations in earnings are to be expected due to phasing of projects, project portfolio mix and incentives.

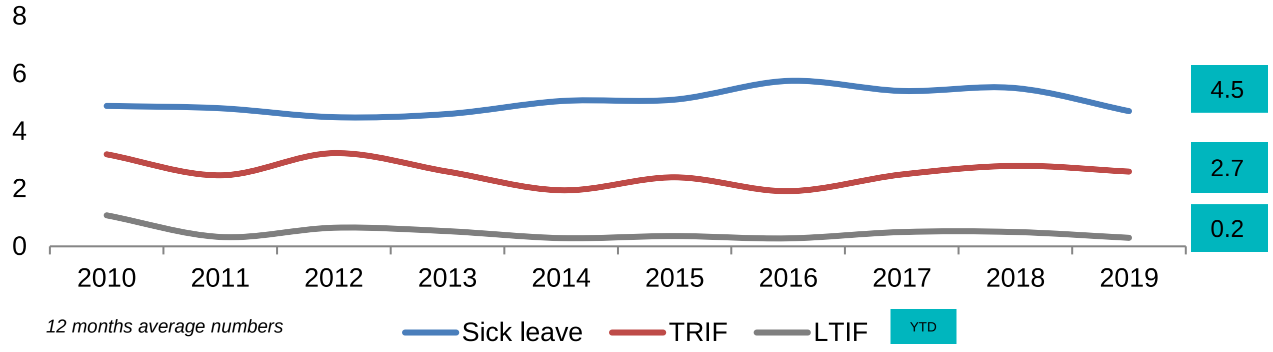
NCOA at the end of second quarter 2019 was negative NOK 671 million, a deterioration of NOK 214 million year to date. The disputed Nordsee Ost project is tying up working capital until the arbitration is resolved.

Order intake and backlog

Order intake in second quarter totalled NOK 732 million, including Kvaerner's scope of work of jointly controlled entities, compared to NOK 1 941 million in the same quarter last year. Order intake includes contracts for Husnes aluminium plant upgrade, marine operations offshore Canada and decommissioning of the Statfjord A platform, as well as small orders and growth in existing projects. As of 30 June 2019, order backlog, including Kvaerner's scope of work of jointly controlled entities, amounted to NOK 9 037 million. Estimated scheduling of the order backlog is approximately 44 percent for execution in 2019, approximately 38 percent for execution in 2020 and remaining 18 percent for execution in 2021 and later.

OPERATIONAL REVIEW

Health, Safety, Security and Environment (HSSE)



Sick leave was 4.5 percent in the second quarter, versus 4.7 percent for the 12 months average numbers. This is below the company's target of 4.8 percent. The total recordable injury frequency (TRIF) and lost time injury frequency (LTIF) have seen a slight decline over the past 12 months. There has been zero serious incidents in 2019 and the serious incident frequency (SIF) is declining over the last 12 months The focus for the second quarter has been to implement HSSE improvement programmes and this is continuous work.

Operations

The activity level in Kvaerner has been high during the first half year. The common denominator is that all current projects are on track.

At Kvaerner's yard at Stord there has been high activity in the first half of the year. Both the Johan Sverdrup ULQ and the P1 topside have been delivered from Stord onto the Pioneering Spirit installation vessel. The P1 topside came from Korea for completion at the Stord facility before going offshore. The construction work for the new quay and wet dock at the yard has progressed well and will be ready for the Johan Castberg FPSO hull arriving from Singapore in 2020. Work is on-going at Stord and in Verdal in terms of module fabrication for the Castberg FPSO.

The Njord A semisubmersible platform upgrade is progressing well and the platform will be delivered in 2020. At the Stord demolition site, the activity is also high with three parallel projects on-going, with the previous Valhall living quarter as the most recent arrival for recycling. Offshore, assistance to Equinor related to the Aasta Hansteen has been completed, but minor assistance will continue until fourth quarter 2019. Kvaerner is also working in a joint team with Aker Solutions for offshore hook-up work to prepare the Johan Sverdrup Riser Platform for production start later this year. In connection with Johan Sverdrup phase 2, fabrication has started on the 5 000 tonnes module which will be delivered in 2021 as a modification to the Riser Platform.

Work related to the Hydro Husnes aluminium factory upgrade awarded in first quarter 2019 has started.

At Verdal, a main focus through the second quarter has been on the AkerBP Valhall Flank West wellhead platform, which has recently been delivered and installed offshore. The structure for Repsol's Yme project is also completed and was transferred to a transport barge in May.

Internationally, the work for the Nord Stream 2 landfall project has good progress. Work is on-going at the site outside St. Petersburg and is also supported by the Kvaerner's Moscow office. In Canada, work is well underway both for the contract related to marine operations for Husky's new White Rose platform and for a platform removal contract.

Competitiveness and market

The combination of lower field development costs and higher oil prices has increased the activity levels in the oil and gas sector. This is very evident in the front end market with a high number of studies on-going. There is also a high level of exploration drilling activity on the Norwegian Continental Shelf to discover new fields which later may materialise to significant new greenfield development projects. However, these drilling results have so far generally been disappointing, especially in the Barents Sea. The wellhead platform market is active and Kvaerner has recently won a FEED (front end engineering and design) contract for Shell's planned Jackdaw wellhead platform on the UK continental shelf. The FEED contract is performed in parallel with an Italian competitor, and it is likely that the winner will be awarded the EPC contract in 2020.

After the award and start of several large EPC contracts in 2018, it is expected that 2019 will represent an intermediate year with some few large contract awards this year, but with a higher number of large prospects in process for sanctioning in 2020 and 2021.

The recent and on-going improvements and investments in quay, digital tools etc. places Kvaerner in a strong position for being awarded several of these prospects. The contract opportunities currently pursued by Kvaerner include FPSOs, large topsides and jackets for traditional platforms, wellhead platforms, platform upgrades, concrete technology projects, onshore facilities and projects within renewable energy. During the first half year of 2019, Kvaerner has delivered bids for several offshore wind power projects.

GROUP

FINANCIAL REVIEW

Amounts in NOK million	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Total revenue and other income [1]	1 876	1 827	3 995	3 740	7 220
EBITDA	132	91	261	283	437
Adjusted EBITDA [2]	132	102	269	293	427
Adjusted EBITDA margin	7.0 %	5.6 %	6.7 %	7.8 %	5.9 %
Adjusted EBITDA pre IFRS 16 [3]	117	102	239	293	427
Adjusted EBITDA margin pre IFRS 16	6.2 %	5.6 %	6.0 %	7.8 %	5.9 %
EBIT	90	63	178	230	327
Net profit - continuing operations	71	34	128	153	278
Basic and diluted earnings per share - continuing operations	0.27	0.13	0.48	0.57	1.04
Order intake [4]	732	1 941	2 423	6 956	9 827
Order backlog [4]	9 037	11 204	9 037	11 204	10 625
Net current operating assets (NCOA)	(681)	(703)	(681)	(703)	(949)
Net interest bearing deposits and loans pre IFRS 16 [5]	2 734	3 011	2 734	3 011	3 165

[1] *Excluding revenues for scope of work of jointly controlled entities closely related to Kvaerner's operating activities*

[2] *Adjusted EBITDA excludes impact of embedded foreign currency derivatives reported in jointly controlled entities closely related to Kvaerner's operating activities, see note 12*

[3] *Adjusted EBITDA pre IFRS 16 excludes the impact of IFRS 16 Leases, refer to note 12*

[4] *Including Kvaerner's scope of work of jointly controlled entities closely related to Kvaerner's operating activities*

[5] *Net interest bearing deposits and loans pre IFRS 16 excludes the impact of IFRS 16 Leases, refer to note 12*

Income statement

Operating revenues in second quarter 2019 amounted to NOK 1 876 million, compared with NOK 1 827 million for second quarter 2018. Kvaerner reported operating revenues of NOK 3 995 for the first six months of 2019, compared with NOK 3 740 million for the same period in 2018. Higher revenues reflect increased activity within operational area Process Solutions, offset by lower revenues from operational areas Structural Solutions and Concrete and New Solutions.

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) for the quarter were NOK 132 million, compared to NOK 91 million in the same period last year. Adjusted Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) pre IFRS 16 Leases impacts for the quarter were NOK 117 million, compared to NOK 102 million in the same period last year. The increased EBITDA is due to recognition of accumulated profit for project starting recognition of margin and positive effects from projects in close out phase. Adjusted EBITDA pre IFRS 16 for the first six months of 2019 was NOK 239 million, compared with NOK 293 million for the equivalent period in 2018.

Net financial expense for the quarter was an income NOK 2 million. Net financial expense for the same period in 2018 was NOK 18 million. Net financial expense for the first six months of 2019 was NOK 11 million, compared to NOK 26 million in 2018. The reduction in net financial expense from last year is mainly reflecting higher interest income and lower loss on embedded derivatives, more than offsetting impact of interest expense on lease liabilities, related to IFRS 16 Leases in 2019. There has been no restatement of comparable periods for IFRS 16 impacts.

Profit before tax for second quarter 2019 was NOK 92 million compared to NOK 45 million for the same period last year. For the first six months of 2019, profit before tax was NOK 167 million compared to NOK 204 million for the same period in 2018.

Total income tax expense in the quarter was NOK 21 million compared to NOK 11 million for the same quarter previous year. First half year tax expense amounted to NOK 39 million, compared to NOK 51 million in 2018. The tax expense reflects an effective tax rate of 23 percent for first half year 2019 compared to 25 percent in 2018. The effective tax rate is higher than the Norwegian statutory tax rate of 22 percent due to deferred tax assets not recognised on losses in some jurisdictions in which the group operates.

Profit from continuing operations was NOK 71 million and NOK 128 million for second quarter and first half year 2019 respectively, compared to NOK 34 million and NOK 153 million in equivalent periods in 2018. Basic and diluted earnings per share for continuing operations were NOK 0.27 for second quarter 2019 and NOK 0.48 for the first six months of 2019, compared to NOK 0.13 for second quarter 2018 and NOK 0.57 for the first six months of 2018.

Net loss from discontinued operations was NOK 2 million for second quarter 2019, compared to a profit of NOK 8 million in same period last year. First half year result from discontinued operations was a loss of NOK 5 million compared to a profit of NOK 4 million in 2018. The 2018 results were positively impacted by recognised insurance recovery. Basic and diluted earnings per share for discontinued operations were negative NOK 0.01 for second quarter 2019 and negative NOK 0.02 for the first six months of 2019, compared to NOK 0.03 for second quarter 2018 and NOK 0.01 for the first six months of 2018.

Net profit total operations in second quarter 2019 was NOK 69 million compared to NOK 42 million in the corresponding quarter last year. Basic and diluted earnings per share for total operations for second quarter 2019 were NOK 0.26 compared to NOK 0.16 in second quarter 2018. Net profit for the first six months of 2019 was NOK 123 million compared to NOK 157 million last year. Basic and diluted earnings per share for total operations for the first half year were NOK 0.46 and NOK 0.59 for 2019 and 2018 respectively.

Cash flow

Net cash inflow from operating activities was NOK 227 million in second quarter 2019 compared to cash inflow of NOK 336 million in the same period last year. Net cash inflow from operating activities in first half year 2019 was NOK 19 million, compared to cash inflow of NOK 322 million in first half of 2018.

Net cash outflow from investing activities mainly reflects capital expenditure and was in second quarter 2019 NOK 101 million compared to an outflow of NOK 80 million in the same quarter last year. Year to date cash outflow from investing activities amounted to NOK 171 million compared to NOK 106 million in 2018. Capital expenditure amounted to NOK 82 million in second quarter and NOK 151 million year to date and mainly relates to Stord yard development and digitalisation projects. For 2019, progress of the quay investment will imply a capex of around NOK 200 million. A total maintenance capex for the group of approximately NOK 30−50 million is expected annually and additional strategic and capacity investments at the yards such as equipment and digitalisation tools will result in an expected capex of around NOK 300 million for 2019.

Net cash outflow from financing activities was NOK 293 million in the quarter and NOK 310 million year to date, compared with outflows of NOK 9 million and NOK 11 million in the same periods in 2018. Outflow in 2019 is mainly related to dividend payment of NOK 268 million.

Net decrease in cash and bank deposits during the quarter amounted to NOK 163 million, resulting in cash and bank deposits at the end of the quarter of NOK 2 714 million. As of 30 June 2019, the group has not drawn on its credit facilities.

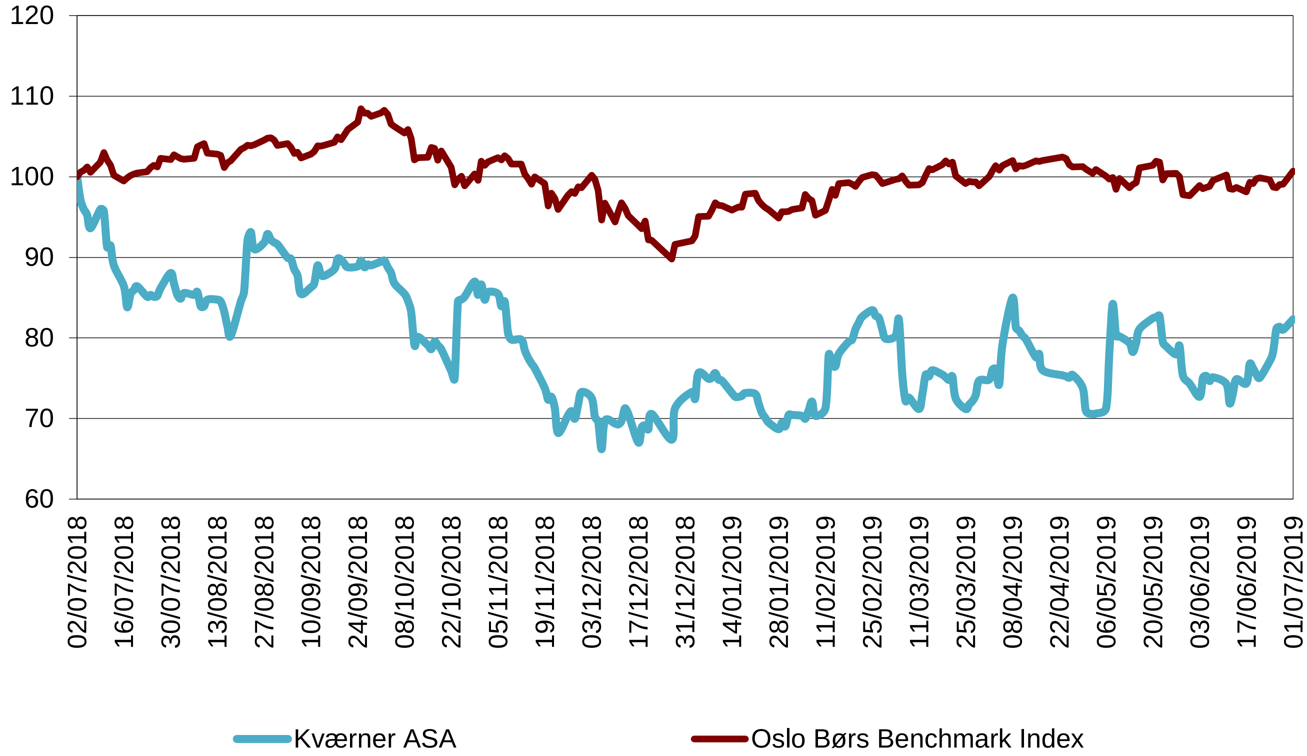
Balance sheet

Net current operating assets (NCOA) were negative NOK 681 million at 30 June 2019, compared to negative NOK 649 million at the end of previous quarter and negative NOK 949 million at year-end 2018. Kvaerner has previously communicated that significant fluctuations in working capital must be expected within the range of negative NOK 500 million to negative NOK 1.5 billion. Movements in working capital will impact cash balances and at the end of second quarter, net cash excluding negative NCOA was NOK 2 033 million. Equity ratio at 30 June 2019 was 50.9 percent, down from 51.4 percent at 31 March 2019 and 54.4 percent at year-end 2018.

Transactions in treasury shares

In connection with the company's annual variable pay programme for executives, Kvaerner awarded 599 119 shares to employees in the first half year. At the end of second quarter Kvaerner owned 1 092 706 treasury shares, or 0.41 percent of the 269 000 000 shares issued.

The Kvaerner share - Indexed share price development last 12 months



The market capitalisation was NOK 3.7 billion at the end of second quarter 2019 compared to NOK 4.6 billion at the end of second quarter 2018.

SUBSEQUENT EVENTS

Dividend

The Board of Directors has proposed no semi-annual dividend distribution. A robust balance sheet and cash reserve are important strengths in Kvaerner's commitment in winning important new contracts and expanding business into growth segments. It also provides flexibility to pursue strategic development opportunities.

PRINCIPAL RISKS AND UNCERTAINTIES

Operational risk is the ability to deliver existing contracts at the agreed time, quality, functionality and cost. Delivering projects and equipment in accordance with contract terms and anticipated cost framework represents a substantial risk element, and is the most significant factor affecting Kvaerner's financial performance. Results also depend on costs, both Kvaerner's own and those charged by suppliers, and on interest expenses, exchange rates and customers' ability to pay. For an overview of major current legal disputes, see note 7 to the interim accounts.

Kvaerner has established guidelines and systems to manage its exposure in the financial markets. These systems cover currency, interest rate, counterparty and liquidity risks. Kvaerner works systematically with risk management in all its operations, and has extensive systems and procedures in place. Other relevant risk factors are further described in the annual report for 2018.

OUTLOOK

Compared to recent years, Kvaerner sees an improved market and more customers considering new projects. During 2019, it is expected that several key prospects will pass important decision gates and move further towards project sanctioning and project execution. The company anticipates that potential contract awards for near term larger contracts will mostly come in 2020 and 2021. The market in and around Norway will continue to be important, but several key prospects are also in international regions. For 2019, the full year gross revenue for the Field Development segment is expected to be above NOK 8 billion. CAPEX level for 2019 is expected to be about NOK 300 million. The working capital level is expected to increase somewhat during 2019.

DECLARATION BY THE BOARD OF DIRECTORS AND PRESIDENT & CEO

The Board of Directors and the President & CEO of Kværner ASA have today considered and approved the condensed financial statements as at 30 June 2019 and for the six-month period ended 30 June 2019. The half year report has been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU and additional Norwegian regulations.

We confirm to the best of our knowledge that:

- the condensed financial statements for the six months ending 30 June 2019 have been prepared in accordance with applicable financial reporting standards
- the information provided in the financial statements gives a true and fair view of the group's assets, liabilities, financial position and result for the period
- the financial review includes a fair review of significant events during the first six months of the year and their impact on the financial statements, any major related party transactions, and a description of the principal risk and uncertainties for the remaining six months of the year

Fornebu, 11 July 2019

The Board of Directors and the President & CEO of Kværner ASA

Leif-Arne Langøy Chairman	Jan Arve Haugan Director	Thorhild Widvey Director
Lone Fønss Schrøder Director	Kjell Inge Røkke Director	Rune Rafdal Director
Ståle K. Johansen. Ståle Knoff Johansen Director	Line Småge Breidablikk Director	Karl-Petter Løken President & CEO

FURTHER INFORMATION

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 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 recognised for delivering some of the world's most amazing and demanding projects.

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.

FINANCIAL CALENDAR 2019

Third quarter results 2019	23 October 2019

The date may be subject to change.

FINANCIAL STATEMENTS

IFRS 16 Leases has been implemented from 1 January 2019. Comparative figures are not restated in the financial statements and applicable notes. Refer to note 2 and note 10 for implementation impacts.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Amounts in NOK million	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Total revenue and other income	1 876	1 827	3 995	3 740	7 220
Operating expenses	(1 744)	(1 737)	(3 733)	(3 457)	(6 783)
EBITDA	**132**	**91**	**261**	**283**	**437**
Depreciation and amortisation	(42)	(27)	(83)	(53)	(110)
Operating profit	**90**	**63**	**178**	**230**	**327**
Net financial income/(expense)	2	(18)	(11)	(26)	11
Profit/(loss) before tax	**92**	**45**	**167**	**204**	**338**
Income tax expense	(21)	(11)	(39)	(51)	(60)
Profit/(loss) from continuing operations	**71**	**34**	**128**	**153**	**278**
Profit/(loss) from discontinued operations	**(2)**	**8**	**(5)**	**4**	**0**
Net profit/(loss)	**69**	**42**	**123**	**157**	**278**
Attributable to:					
Equity holders of the parent company - Kværner ASA	69	42	123	157	278
Earnings per share (NOK)					
Basic and diluted EPS continuing operations	0.27	0.13	0.48	0.57	1.04
Basic and diluted EPS discontined operations	(0.01)	0.03	(0.02)	0.01	0.00
Basic and diluted EPS total operations	**0.26**	**0.16**	**0.46**	**0.59**	**1.04**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK million	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Net profit/(loss) for the period	**69**	**42**	**123**	**157**	**278**
Items that are or may be reclassified to profit or loss in subsequent periods:					
Cash flow hedges, net of tax					
- Fair value adjustments recognised in equity	5	(10)	0	(11)	1
- Reclassified to profit or loss	0	(1)	0	(1)	0
Translation differences, foreign operations	1	2	1	(0)	2
Reclassification of translation differences on discontinued operations and international branches	1	(2)	1	0	(3)
Items that are or may be reclassified to profit or loss in subsequent periods	7	(10)	2	(11)	0
Items not to be reclassified to profit or loss in subsequent periods:					
Actuarial gains/(losses) on defined benefit pension plans, net of tax	-	-	-	-	(16)
Items not to be reclassified to profit or loss in subsequent periods:	-	-	-	-	(16)
Total other comprehensive income/(loss), net of tax	**7**	**(10)**	**2**	**(11)**	**(16)**
Total comprehensive income/(loss)	**76**	**32**	**125**	**146**	**262**
Attributable to:					
Equity holders of the parent company - Kværner ASA	76	32	125	146	262

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

Amounts in NOK million	30.06.2019	30.06.2018	31.12.2018
Assets			
Non-current assets			
Property, plant and equipment	1 030	828	967
Right-of-use assets (IFRS 16)	237	-	-
Intangible assets	739	668	710
Investments in associates and jointly controlled entities	57	10	69
Interest-bearing receivables	20	-	-
Other non-current assets	7	13	7
Total non-current assets	**2 090**	**1 519**	**1 753**
Current assets			
Trade and other receivables	1 115	1 141	979
Contract assets	561	447	423
Prepaid company tax	-	15	-
Total cash and bank	2 714	3 011	3 165
Retained assets of business sold	0	0	0
Total current assets	**4 390**	**4 614**	**4 567**
Total assets	**6 481**	**6 134**	**6 320**
Equity and liabilities			
Equity			
Share capital	91	91	91
Share premium	729	729	729
Retained earnings	2 564	2 592	2 710
Other reserves	(89)	(87)	(91)
Total equity	**3 295**	**3 325**	**3 439**
Non-current liabilities			
Long term lease liabilities (IFRS 16)	225	-	-
Deferred tax liabilities	303	278	265
Employee benefit liabilities	224	203	229
Total non-current liabilities	**752**	**481**	**494**
Current liabilities			
Short term lease liabilities (IFRS 16)	48	-	-
Trade and other payables	1 801	1 712	1 775
Contract liabilities	414	318	343
Tax liabilities	1	0	0
Provisions	141	261	233
Retained liabilities of business sold	28	37	35
Total current liabilities	**2 433**	**2 328**	**2 386**
Total equity and liabilities	**6 481**	**6 134**	**6 320**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

Amounts in NOK million	Total paid in capital	Retained earnings	Other reserves	Total equity
Equity as of 31 December 2017	**820**	**2 431**	**(75)**	**3 176**
Profit for the period 1 January to 30 June	-	157	-	157
Other comprehensive income	-	-	(11)	(11)
Total comprehensive income	-	157	(11)	146
Treasury shares	-	4	-	4
Equity as of 30 June 2018	**820**	**2 592**	**(87)**	**3 325**
Profit for the period 1 July to 31 December	-	121	-	121
Other comprehensive income	-	-	(4)	(4)
Total comprehensive income	-	121	(4)	117
Treasury shares	-	(1)	-	(1)
Employee share purchase programme	-	(2)	-	(2)
Equity as of 31 December 2018	**820**	**2 710**	**(91)**	**3 439**
Profit for the period 1 January to 30 June	-	123	-	123
Other comprehensive income	-	-	2	2
Total comprehensive income	-	123	2	125
Treasury shares	-	(1)	-	(1)
Dividend	-	(268)	-	(268)
Equity as of 30 June 2019	**820**	**2 564**	**(89)**	**3 295**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in NOK million	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Profit before tax continuing operations	92	45	167	204	338
Profit before tax discontinued operations	(2)	8	(5)	4	1
Profit/(loss) before tax total operations	**90**	**53**	**162**	**207**	**339**
Depreciation, amortisation and impairment	42	27	83	53	110
Taxes (paid)/refund	0	(0)	(1)	(10)	(10)
Other cash flow from operating activities	94	256	(225)	71	281
Cash flow from operating activities	**227**	**336**	**19**	**322**	**719**
Capital expenditure	(82)	(73)	(151)	(100)	(334)
Other cash flow from investing activities	(20)	(6)	(19)	(6)	(1)
Cash flow from investing activities	**(101)**	**(80)**	**(171)**	**(106)**	**(335)**
Interest portion on lease liabilities	(3)	-	(7)	-	-
Principle portion on lease liabilities	(12)	-	(23)	-	-
Dividends	(268)	-	(268)	-	-
Other cash flow from financing activities	(9)	(9)	(11)	(11)	(29)
Cash flow from financing activities	**(293)**	**(9)**	**(310)**	**(11)**	**(29)**
Translation adjustments	4	(1)	10	(6)	(4)
Net increase/(decrease) in cash and bank deposits	**(163)**	**245**	**(451)**	**199**	**352**
Cash at the beginning of the period	2 877	2 766	3 165	2 812	2 812
Cash at the end of the period	**2 714**	**3 011**	**2 714**	**3 011**	**3 165**

NOTES

Note 1 Reporting entity

Kværner ASA (the company) is a company domiciled in Norway. These condensed consolidated interim financial statements ("interim financial statements") comprise the company and its subsidiaries.

Note 2 Basis of accounting

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the International Financing Reporting Standards (IFRS) and IAS 34 Interim Financial Reporting as adopted by the European Union and additional Norwegian regulations.

Accounting principles

The interim financial statements are condensed and do not include all the information required by IFRS for a complete set of financial statements and should be read in conjunction with the full year consolidated financial statements for Kværner ASA. The consolidated 2018 financial statements for Kvaerner are available at www.kvaerner.com.

Except as described below, the accounting polices applied in these interim financial statements are the same as those applied in the group's Annual accounts 2018.

IFRS 16 Leasing

The group adopted IFRS 16 as from 1 January 2019. Kvaerner has elected to apply the modified retrospective approach (with practical expedients) at implementation, with no restatement of comparative figures. There were no transition impacts on equity on transition date. The new standard significantly changes how the company accounts for its lease contracts. IFRS 16 introduces a single, on-balance sheet accounting model for lessees, with optional exemptions for short-term leases and leases of low values assets. A lessee recognises a right-of-use asset representing its right to use the underlying assets and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. The group's EBITDA increases as the lease payments will be presented as depreciation and finance cost rather than operating expenses. Refer to note 10 for implementation effects of IFRS 16 Leases. To facilitate comparison to previous periods, Kvaerner has introduced the new Alternative Performance Measure; Adjusted EBITDA pre IFRS 16, refer to note 12.

Other

The interim financial statements have not been subject to audit. The functional currency of the entities within Kvaerner is determined based on the nature of the economic environment in which they operate. The functional currency and presentation currency of Kværner ASA is NOK. Numbers are rounded to the nearest million, unless otherwise stated. As a result of rounding differences, numbers or percentages may not add up to the total. Operating results for the periods presented are not necessarily indicative of the results that may be expected for any subsequent interim period or annual accounts.

Note 3 Judgments, estimates and assumptions

In preparing these interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, significant judgements made by management in applying the group's accounting policies and key sources of uncertainty in the estimates were consistent with those applied for the period ended 31 December 2018, except for impacts from new accounting standards.

Note 4 Revenue and segment information
The group's operations and main revenue streams are those described in the last annual financial statements. The group's revenue is derived from contracts with customers.

Kvaerner has one reportable segment; Field Development. The segment includes the resource centres and the following operational areas: Process Solutions, Structural Solutions and Concrete & New Solutions.

The main differences between the Field Development figures and group figures presented are Kvaerner's share of revenues from jointly controlled entities included in Field Development and unallocated costs deducted.

Unallocated costs
Unallocated costs, which are net corporate costs not directly attributable to segments, amounted to NOK 15 million in second quarter 2019, same level as in first quarter 2019. It is expected that the recurring level of net corporate costs will be approximately NOK 60-70 million annually.

	Field Development		Group activities and eliminations		Consolidated	
Amounts in NOK million	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018
Construction contracts	1 489	1 273	-	-	1 489	1 273
Services revenue	215	230	9	-	225	230
Revenue/share of result from joint ventures	135	197	(87)	(195)	48	3
Other revenue	69	146	39	173	108	318
Revenue from contracts with customers	**1 909**	**1 846**	**(39)**	**(22)**	**1 870**	**1 824**
Lease revenue	-	-	5	4	5	4
Gain on sale of assets	0	0	-	-	0	0
Internal revenue	0	0	(0)	(0)	-	-
Total revenue and other income	**1 909**	**1 846**	**(33)**	**(18)**	**1 876**	**1 827**
Adjusted EBITDA [1]	**132**	**118**	**(0)**	**(15)**	**132**	**102**
EBITDA	**132**	**118**	**0**	**(27)**	**132**	**91**
Depreciation and amortisation	(30)	(27)	(12)	-	(42)	(27)
EBIT	**102**	**90**	**(12)**	**(27)**	**90**	**63**
Net current operating assets [2]	(671)	(839)	(9)	136	(681)	(703)

	Field Development		Group activities and eliminations		Consolidated	
Amounts in NOK million	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018
Construction contracts	3 108	2 524	-	-	3 108	2 524
Services revenue	494	611	9	-	504	611
Revenue/share of result from joint ventures	343	441	(251)	(411)	92	30
Other revenue	122	213	160	355	282	568
Revenue from contracts with customers	**4 067**	**3 789**	**(81)**	**(56)**	**3 986**	**3 733**
Lease revenue	-	-	9	7	9	7
Gain on sale of assets	0	0	-	-	0	0
Internal revenue	0	0	(0)	(0)	-	-
Total revenue and other income	**4 067**	**3 789**	**(72)**	**(49)**	**3 995**	**3 740**
Adjusted EBITDA [1]	**269**	**323**	**0**	**(30)**	**269**	**293**
EBITDA	**269**	**323**	**(7)**	**(40)**	**261**	**283**
Depreciation and amortisation	(59)	(53)	(24)	-	(83)	(53)
EBIT	**210**	**270**	**(32)**	**(40)**	**178**	**230**

Amounts in NOK million	Field Development	Group activities and eliminations	Consolidated
	FY 2018	FY 2018	FY 2018
Construction contracts	4 811	-	4 811
Services revenue	1 272	-	1 272
Revenue/share of result from joint ventures	898	(706)	192
Other revenue	267	658	925
Revenue from contracts with customers	**7 248**	**(48)**	**7 200**
Lease revenue	-	14	14
Gain on sale of assets	6	-	6
Internal revenue	0	(0)	-
Total revenue and other income	**7 253**	**(34)**	**7 220**
Adjusted EBITDA [1]	**487**	**(60)**	**427**
EBITDA	**487**	**(51)**	**437**
Depreciation and amortisation	(110)	-	(110)
EBIT	**377**	**(51)**	**327**
Net current operating assets	(885)	(64)	(949)

[1] *Adjusted EBITDA excludes impact of embedded foreign currency derivatives reported in jointly controlled entities closely related to Kvaerner's operating activities*

[2] *Onerous lease provisions, previously included in NCOA, are from 2019 reported as part of Right-of-use assets. This increased NCOA by NOK 33 million at 1 January 2019*

Note 5 Financial items

Amounts in NOK million	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Net interest income/(expense) pre IFRS 16	7	(1)	10	(0)	6
Interest expense on lease liabilities	(3)	-	(7)	-	-
Profit/(loss) on foreign currency contracts	(0)	(1)	0	(0)	(0)
Foreign currency embedded derivatives impact	0	(16)	(11)	(23)	7
Net foreign exchange gain/(loss)	(0)	(0)	(0)	(1)	2
Other financial items, net	(1)	(1)	(3)	(2)	(4)
Net financial income/(expense)	**2**	**(18)**	**(11)**	**(26)**	**11**

Result on foreign currency contracts is related to portfolio of hedging instruments not qualifying for hedge accounting.

Foreign currency embedded derivatives impact is reflecting accounting effects of multicurrency contracts, in line with requirements under IFRS.

Forward foreign currency contracts
The table below presents fair value of the group's derivative financial instruments as of 30 June 2019.

Amounts in NOK million	Assets at fair value	Liabilities at fair value	Net fair value YTD 2019
Embedded derivatives	6	(4)	2
Not hedge accounted	0	(0)	0
Cash flow hedges	6	(5)	1
Total	**12**	**(9)**	**3**

Note 6 Share capital and equity

Kværner ASA has 269 000 000 shares issued each with a nominal value of NOK 0.34.

Kvaerner currently has no share-based compensation that results in a dilutive effect on earnings per share. Basic and diluted earnings per share have been calculated based on the following number of average shares:

Numbers in thousands	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Shares issued	269 000	269 000	269 000	269 000	269 000
Effect of own shares held	(1 066)	(1 807)	(1 078)	(1 981)	(1 570)
Average number of outstanding shares	**267 934**	**267 193**	**267 922**	**267 019**	**267 430**

Note 7 Contingent events

Given the scope of the group's operations, group companies are inevitably involved in legal disputes in the course of their activities. Provisions have been recognised based on expected outcome of any disputes and litigation proceedings in accordance with applicable accounting rules. Such provisions are based on management's best evaluations and estimates of a likely outcome of the dispute. However, the final outcome of such disputes and litigation proceedings will always be subject to uncertainties, and resulting liabilities may exceed recognised provisions. The disputes and litigation proceedings are continuously monitored and reviewed, and recognised provisions are adjusted to reflect management's best assessment of most recent facts and circumstances. Litigation and arbitration costs are recognised as they occur.

Significant, current disputes

Nordsee Ost project

In 2012, arbitration related to the Nordsee Ost project was filed. The last wind jackets for the project were delivered in October 2013. The arbitration process for the project will take time due to high complexity. It is currently difficult to estimate when the arbitration will be finalised.

There is still substantial uncertainty with respect to the final financial outcome of the Nordsee Ost project, and to avoid prejudicing Kvaerner's position, no estimate of the expected final outcome is disclosed.

Note 8 Related parties

The largest shareholder of Kværner ASA, Aker Kværner Holding AS, is owned 70 percent by Aker ASA, which in turn is owned directly and indirectly 68.2 percent by The Resource Group TRG AS, a company owned by Kjell Inge Røkke. All entities owned or controlled by Aker ASA and The Resource Group TRG AS are considered related parties to Kvaerner. Non-controlling interests with significant influence are also considered as related parties.

Kvaerner believes that all transactions with related parties have been based on arm's length terms. The table below gives an overview of aggregated transactions and balances with related parties.

Amounts in NOK million	YTD 2019	YTD 2018	FY 2018
Revenue	593	528	1 333
Operating expenses	(424)	(384)	(755)
Trade and other receivables	163	230	189
Trade and other payables	125	57	131

Note 9 Discontinued operations – summary of financial data

The results for the discontinued business are reported separately under the heading Result from discontinued operations in the group's income statement. Results are related to insurance recoveries and associated costs. In the balance sheet, retained assets and liabilities are presented on separate lines.

Amounts in NOK million	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Total revenue and other income	-	-	-	-	-
Administrative and legal expenses	(2)	6	(5)	4	(1)
EBIT	**(2)**	**6**	**(5)**	**4**	**(1)**
Net financial income/(expense)	(0)	2	(1)	(0)	2
Profit/(loss) before tax	**(2)**	**8**	**(5)**	**4**	**1**
Income tax income/(expense)	-	(0)	-	0	(1)
Profit/(loss) from discontinued operations	**(2)**	**8**	**(5)**	**4**	**0**
Basic and diluted earnings/(losses) per share (NOK)	(0.01)	0.03	(0.02)	0.01	0.00
Net assets	**(28)**	**(36)**	**(28)**	**(36)**	**(34)**

The positive year to date result for 2018 reflects insurance settlement related to the Longview Power project in second quarter.

Cash flows from discontinued operations are as follows:

Amounts in NOK million	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Cash flow from operating activities	(6)	8	(10)	4	(6)
Cash transferred (to)/from parent	2	7	9	9	1
Translation adjustments	(0)	2	(0)	0	2
Net increase/(decrease) in cash and bank deposits	**(4)**	**17**	**(1)**	**14**	**(3)**
Cash at the beginning of the period	30	27	28	31	31
Cash at the end of the period	**26**	**45**	**26**	**45**	**28**

Note 10 IFRS 16 Leases – impacts of new standard

On transition to IFRS 16, the group recognised NOK 260 million of right-of-use assets and NOK 295 million of lease liabilities. Right-of-use assets have been adjusted by the amounts of onerous lease provisions and provisions for required office upgrades. When measuring the lease liabilities, Kvaerner discounted lease payments using its incremental borrowing rate at 1 January 2019, adjusted for currency and length of lease terms. The weighted-average rate applied is 5 percent. Kvaerner has entered into various lease contracts, mainly related to rental of buildings, land and sites for transportation, storage and decommissioning. In addition Kvaerner is renting cranes, cars, vessels, barges and various equipment and machinery related to operations at the Stord and Verdal yards. Rent of machinery and equipment is project related and typically for a short time period to cover peaks or special lifting or other operations.

Impacts on transition

Amounts in NOK million	Annual report 2018	Revised
Operating lease commitment at 31 December 2018 as disclosed in the group's consolidated financial statements	424	424
Discounted using the incremental borrowing rate at 1 January 2019	372	372
Recognition exemptions for:		
Short term leases	(35)	(35)
Leases of low-value assets	(57)	(57)
Extension and termination options reasonably certain to be exercised	4	4
Price adjustments	-	1
New lease contracts	-	10
Lease liabilities recognised at 1 January 2019	**283**	**295**
Weighted-average discount rate (incremental borrowing rate)	*5 %*	*5 %*
Right-of-use assets equal to liability	283	295
Onerous lease provision	(33)	(33)
Provision for office upgrades	(2)	(2)
Right-of-use assets adjusted by amounts of provisions at 1 January 2019	248	260

Actual and expected effects on income statement

Amounts in NOK million	Q2 2019	YTD 2019	FY 2019 Annual report 2018	FY 2019 Revised
EBITDA	15	30	58	60
Depreciation of right-of-use assets	(12)	(24)	(47)	(49)
Interest expense on lease liabilities	(3)	(7)	(13)	(14)

Right-of-use assets and lease liabilities

Amounts in NOK million	Land and buildings	Machinery and vehicles	Total right-of-use assets	Lease liabilities
Balance at 1 January 2019	248	12	260	295
Additions	-	1	1	1
Depreciation expense	(23)	(1)	(24)	
Installment lease payments				(23)
Balance at 30 June 2019	**225**	**11**	**237**	**273**

Lease liabilities

Amounts in NOK million	30.06.2019
Maturity analysis - contractual undiscounted cash flows	
Amount due within one year	60
Amount due between one and five years	181
Amount due later than five years	78
Total undiscounted lease liabilities	**319**
Lease liabilities included in interim condensed consolidated balance sheet	**273**
Current lease liabilities	48
Non-current lease liabilities	225

Note 11 Quarterly historical information – continuing operations

Amounts in NOK million	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Total revenue and other income	**1 876**	**2 119**	**1 715**	**1 764**	**1 827**	**1 913**
Field Development	1 909	2 158	1 755	1 709	1 846	1 944
Adjusted EBITDA pre IFRS 16	**117**	**122**	**60**	**75**	**102**	**190**
Field Development	132	137	75	90	118	205
Adjusted EBITDA pre margin IFRS 16	**6.2 %**	**5.8 %**	**3.5 %**	**4.2 %**	**5.6 %**	**10.0 %**
Field Development	6.9 %	6.3 %	4.3 %	5.2 %	6.4 %	10.6 %
Net profit/(loss) - continuing operations	**71**	**57**	**87**	**37**	**34**	**119**
Basic and diluted EPS continuing operations	**0.27**	**0.21**	**0.33**	**0.14**	**0.13**	**0.44**
Order intake [1]	**732**	**1 691**	**1 723**	**1 149**	**1 941**	**5 014**
Order backlog [1]	**9 037**	**10 196**	**10 625**	**10 638**	**11 204**	**11 118**
NCOA	**(681)**	**(649)**	**(949)**	**(711)**	**(703)**	**(491)**
Field Development	(671)	(724)	(885)	(748)	(839)	(660)
Net interest bearing deposits and loans pre IFRS 16	**2 734**	**2 877**	**3 165**	**2 929**	**3 011**	**2 766**
Net interest bearing deposits and loans	2 461	2 594	3 165	2 929	3 011	2 766

[1] *Including Kvaerner's scope of work of jointly controlled entities closely related to Kvaerner's operating activities.*

Note 12 Alternative performance measures

Kvaerner discloses alternative performance measures as part of its financial reporting as a supplement to the financial statements prepared in accordance with IFRS. Kvaerner believes that the alternative performance measures provide useful supplemental information to management, investors, security analysts and other stakeholders and are meant to provide an enhanced insight into the financial development of Kvaerner's business operations and to improve comparability between periods. Order intake and backlog are indicators of the company's revenues and operations in the future.

Profit measures

EBITDA is short for Earnings before Interest, Taxes, Depreciation and Amortisation and is a term commonly used by analysts and investors

Adjusted EBITDA Earnings before Interest, Taxes, Depreciation and Amortisation excluding impact of embedded foreign currency derivatives reported in jointly controlled entities closely related to Kvaerner's operating activities

Adjusted EBITDA pre IFRS 16 Adjusted EBITDA excluding impact of IFRS 16 Leases. Lease expenses for leases recognised in the balance sheet are included as operating cost

Adjusted EBITDA margin is used to compare relative profit between periods. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue

Adjusted EBITDA pre IFRS 16 margin is used to compare relative profit between periods. Adjusted EBITDA pre IFRS 16 margin is calculated as Adjusted EBITDA pre IFRS 16 divided by revenue

Order intake measures

Order intake represents expected revenue from contracts entered into in period or growth in existing contracts

Order backlog represents remaining expected revenue from contracts entered into as per reporting date

Financing measures

Net current operation assets (NCOA) Kvaerner's measure of net working capital, defined as Trade and other receivables and Contract assets less Trade and other payables, Contract liabilities and Provisions

Net interest bearing deposits and loans Kvaerner's measure of net interest bearing debt, defined as interest bearing receivables and cash and bank less interest bearing liabilities

Equity ratio is calculated as total equity divided by total assets

In the below tables it is shown how certain of the above measures are derived from the IFRS consolidated financial statements:

Amounts in NOK million	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
EBITDA	132	91	261	283	437
Adjustment for equity accounted investees [1]	(0)	12	8	10	(9)
Adjusted EBITDA	**132**	**102**	**269**	**293**	**427**
Lease expenses	(15)	-	(30)	-	-
Adjusted EBITDA pre IFRS 16	**117**	**102**	**239**	**293**	**427**

[1] *Excluding embedded derivatives' impact reported.*

Amounts in NOK million	30.06.2019	30.06.2018	31.12.2018
Trade and other receivables	1 115	1 141	979
Contract assets	561	447	423
Trade and other payables	(1 801)	(1 712)	(1 775)
Contract liabilities	(414)	(318)	(343)
Provisions [1]	(141)	(261)	(233)
Net current operating assets (NCOA)	**(681)**	**(703)**	**(949)**
Total cash and bank	2 714	3 011	3 165
Interest-bearing receivables	20	-	-
Net interest bearing deposits and loans pre IFRS 16	**2 734**	**3 011**	**3 165**
Non-current lease liabilities (IFRS 16)	(225)	-	-
Current lease liabilities (IFRS 16)	(48)	-	-
Net interest bearing deposits and loans	**2 461**	**3 011**	**3 165**

[1] *Onerous lease provisions, previously included in NCOA, are from 2019 reported as part of Right-of-use assets. This increased NCOA by NOK 33 million at 1 January 2019.*

Second quarter results 2019

12 July 2019

KVÆRNER

Highlights, second quarter 2019

- Johan Sverdrup Living Quarter in operation
- Valhall QP platform arrived for decom
- Valhall Flank West WHP jacket + topside delivery
- FEED contract for Jackdaw WHP
- High marketing activity
- Several bids for offshore wind power delivered

The decommissioned Valhall Living Quarter topside arrives at Stord for recycling

KVÆRNER

HSSE results are business critical

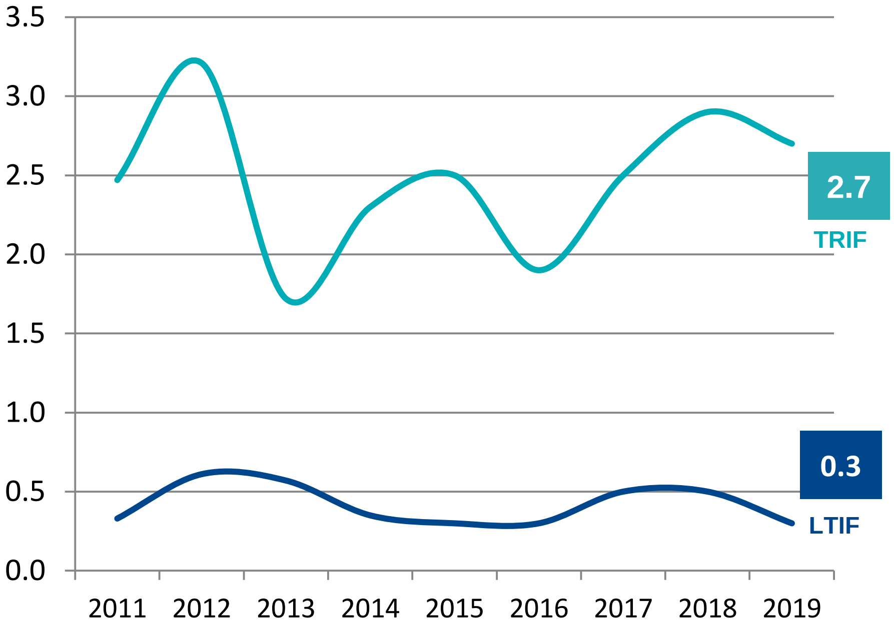
+

- High HSSE attention throughout org.
- Zero serious incidents
- Joint HSSE campaign and safety culture initiatives with clients

÷

- One lost time injurie
- Need to reduce minor medical treatment cases

Lost time injury frequency (LTIF) & total recordable injury frequency (TRIF) Per million worked hours (12 months average)



KVÆRNER

Globally recognised for predictable deliveries:

All current projects on track™

Njord A upgrade

Johan Sverdrup hook-up and modification

Johan Sverdrup Phase 2
Process platform jacket

Valhall Flank West
normally unmanned WHP

Johan Castberg FPSO

Nord Stream 2 onshore facility

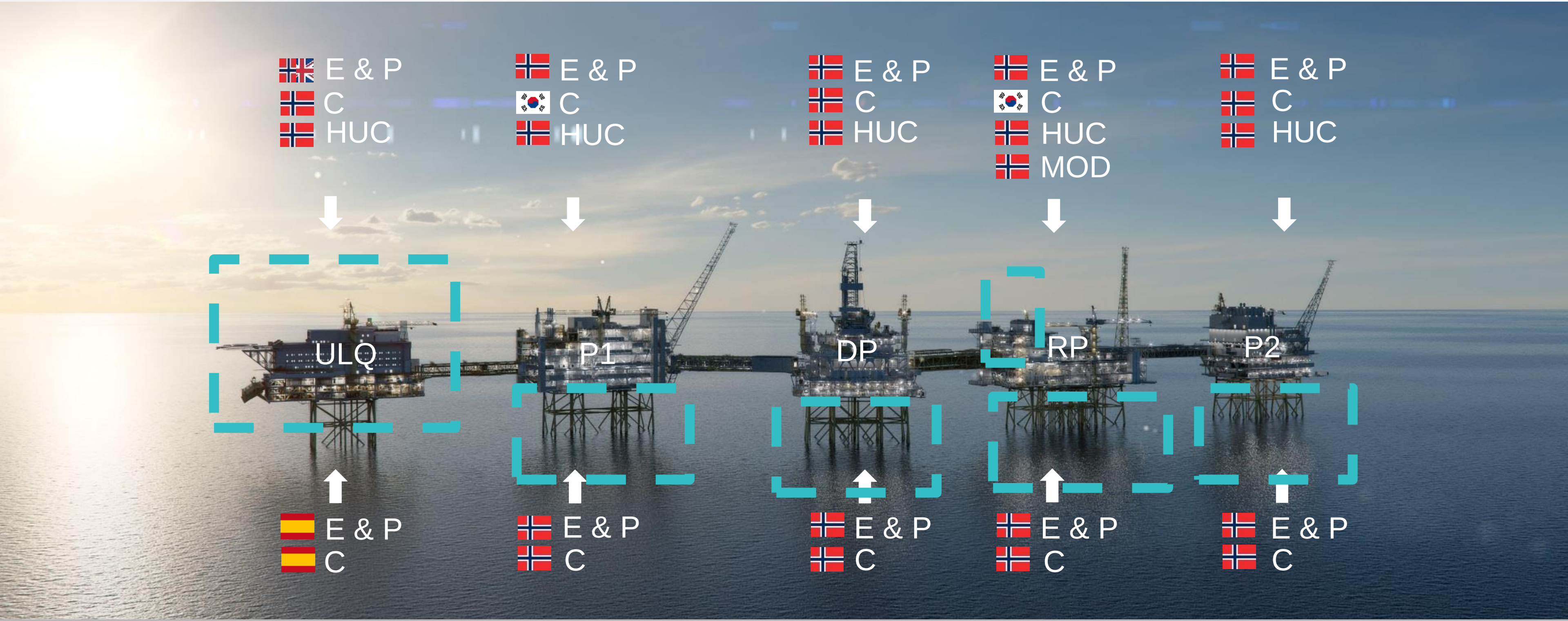
West White Rose
marine operations

- *Husnes upgrade*
- *Removal, Canada*
- *Decommissioning*

Other projects

KVÆRNER

Competitiveness strengthened



Kvaerner contracts: NOK ~15.5 billion*

* = Including contracts in JV with KBR and Aker Solutions

= Kvaerner deliveries

Background illustration: Equinor

Johan Sverdrup Utility & Living Quarter (ULQ):

In operation 1 month ahead of original schedule!

Left Stord
20 March

Installation complete
22 March

14 days

0

1

2

14

Arrived at field
21 March

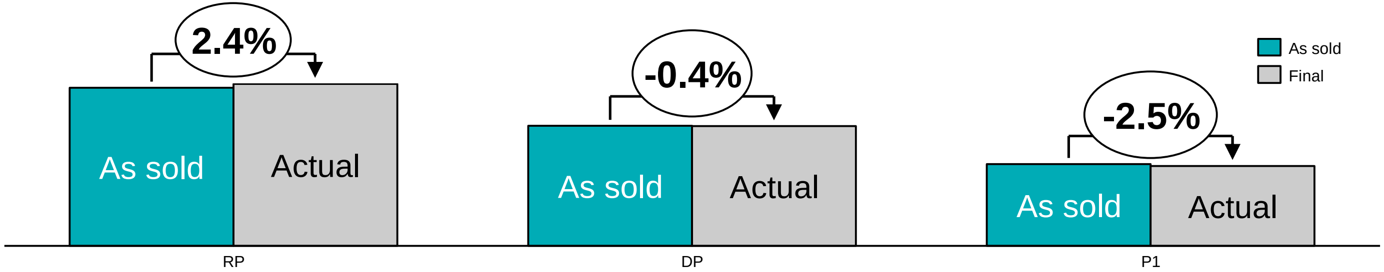
First habitation:
4 April

Johan Sverdrup phase 1 jackets

RP jacket

DP jacket

P1 jacket



Valhall Flank West project:

Production may start ***1 year*** ahead of normal schedule

WHP alliance established:
7 Apr 2017

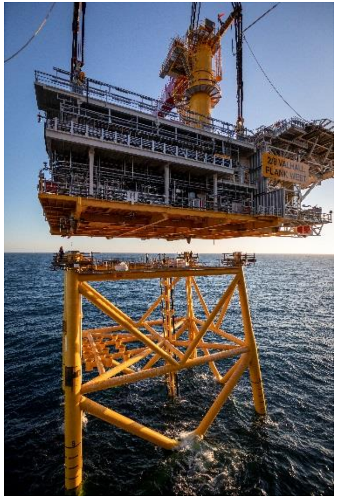
FEED start:
Jun 2017

EPC start
18 Des 2017

Approved PDO
23 Mar 2018

Jacket installed:
7 May 2019

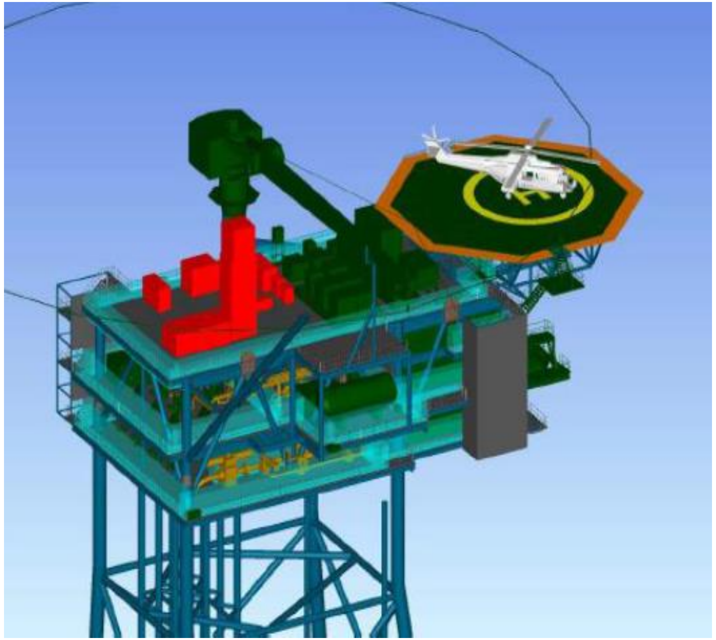
Topside installed:
22 June 2019



First oil planned
for autumn 2019

- Best in class level for HSSE: Zero serious accidents
- Time saved: Model enables production start one year earlier than normal schedule
- Cost saved: Significant over all cost saving compared to traditional execution

FEED for Jackdaw normally unmanned WHP:
Leveraging the success with Valhall Flank West WHP



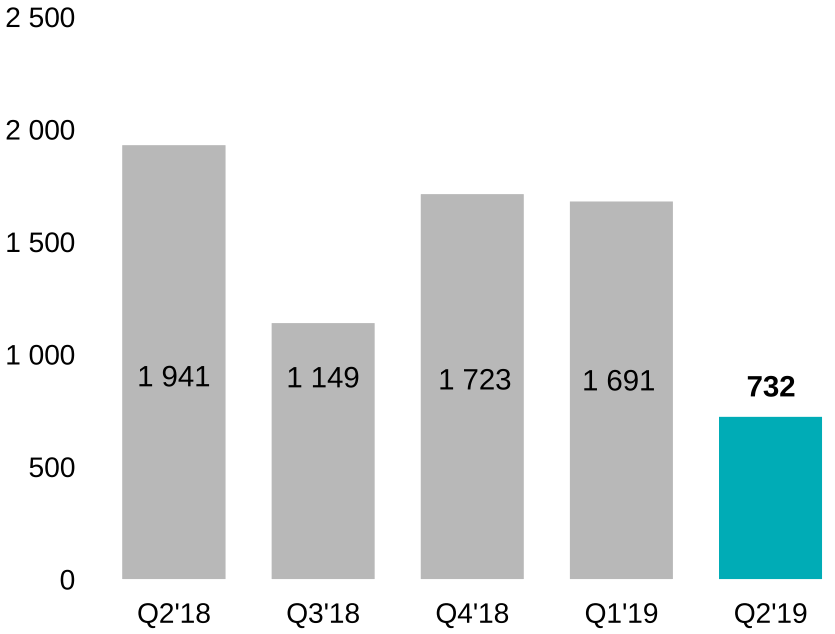
Jackdaw

Valhall Flank West

Order intake and backlog

Order intake

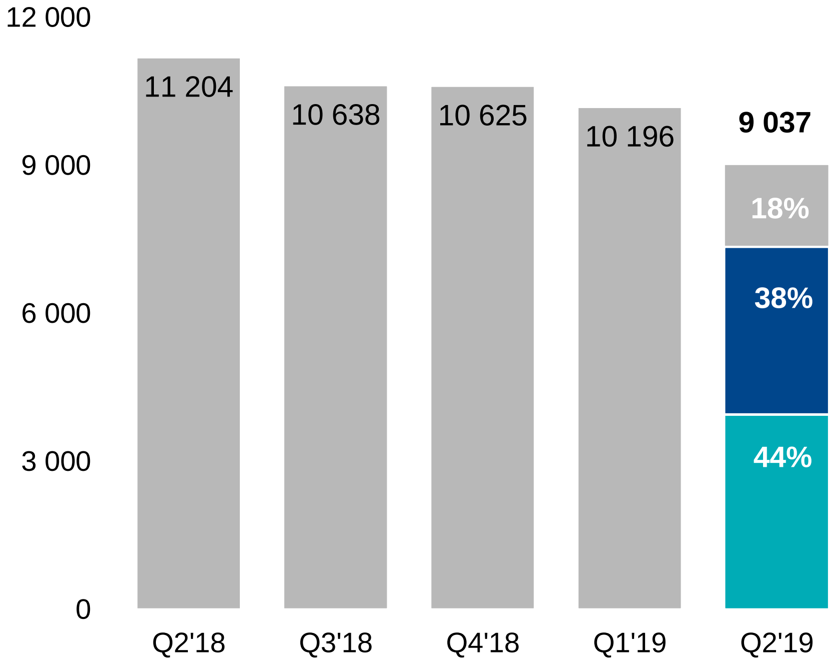
NOK million



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

Order backlog

NOK million



Estimated scheduling as of 30.06.2019:

- For execution in 2019
- For execution in 2020
- For execution in 2021+

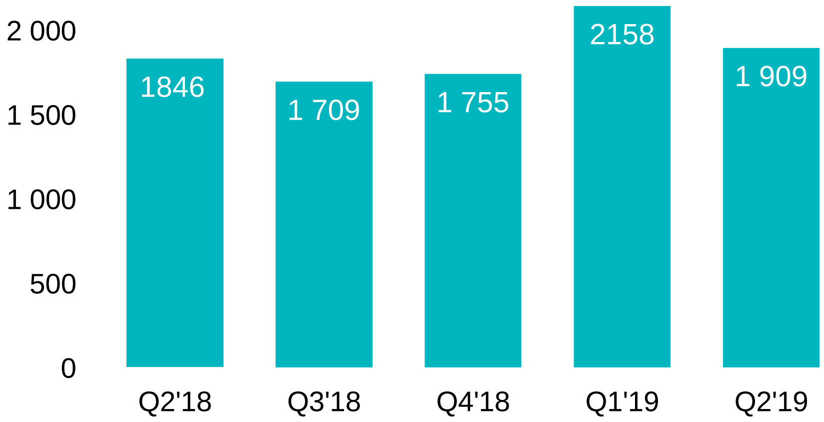
Second quarter financials

Idar Eikrem, Chief Financial Officer

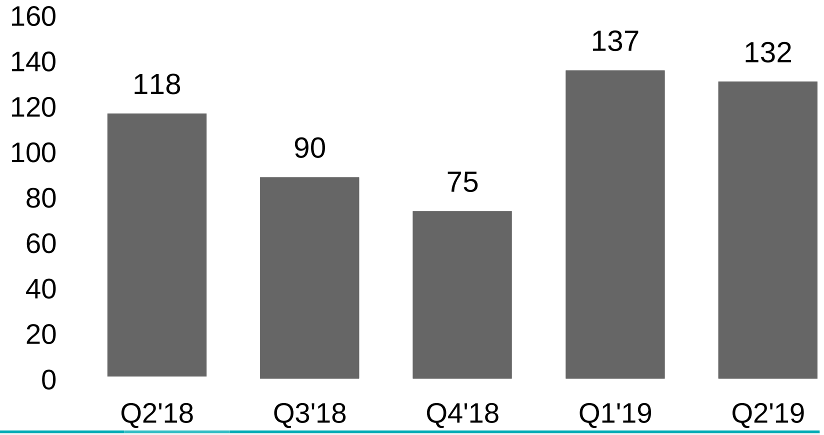
Field Development review

- EBITDA margin for second quarter 2019 was 6.9 percent
- Results reflect phasing of projects

Revenues
NOK million



EBITDA
NOK million



EBITDA-%	**6.4%**	**5.2%**	**4.3%**	**6.3%**	**6.9%**

Note: All figures include Kvaerner's scope of work of jointly controlled entities

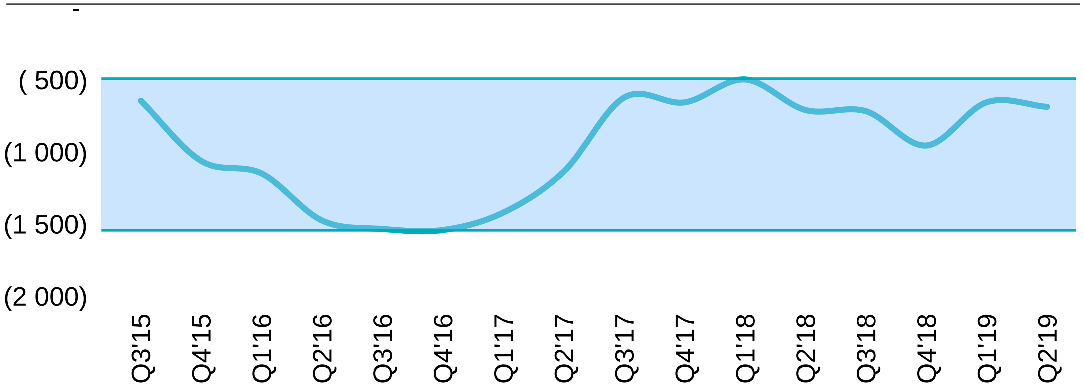
KVÆRNER

Cash flow and working capital development

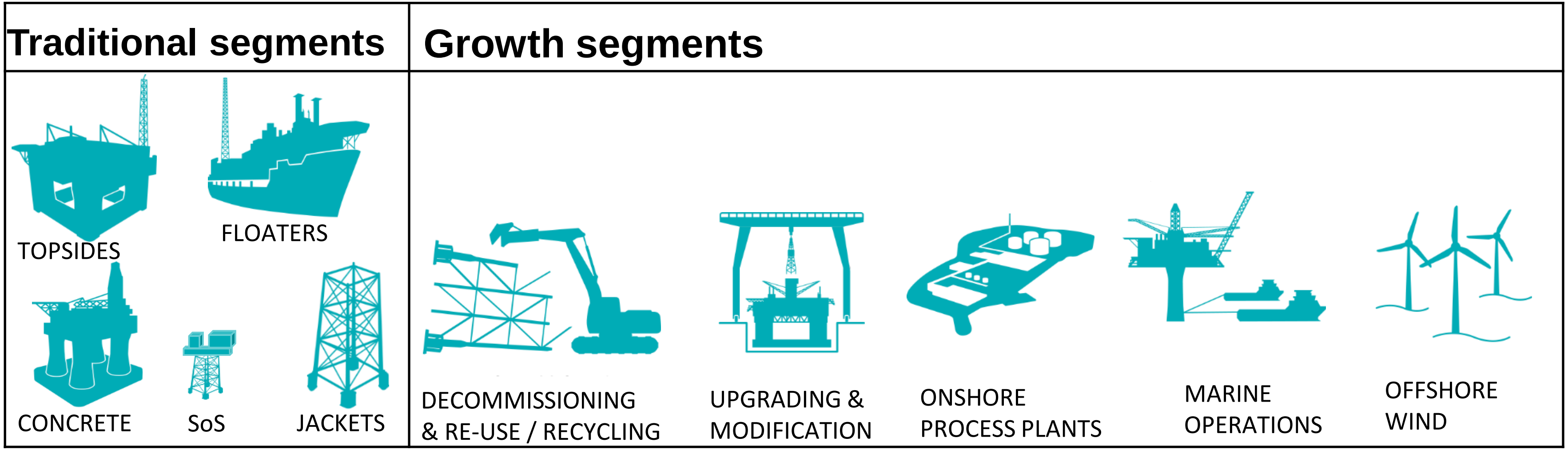
Amounts in NOK million	Q2 2019	Q1 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Cash flow from operating activities	227	(208)	336	19	322	719
Cash flow from investing activities	(101)	(69)	(80)	(171)	(106)	(335)
Cash flow from financing activities	(293)	(17)	(9)	(310)	(11)	(29)
Translation adjustments	4	6	(1)	10	(6)	(4)
Net increase/(decrease) in cash and bank deposits	**(163)**	**(288)**	**245**	**(451)**	**199**	**352**

- Negative working capital of NOK 681 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)



Market



- High tendering activities in the offshore wind power market
- Important engineering study and positioning activities related to upcoming FPSO projects
- Winning Shell Jackdaw FEED design competition on the UK sector
- Increasing market share in decommissioning

A clear strategic direction for growth

1	2	3
Increased market share at NCS	Growth in selected international markets	Increased business in growth segments

Fundamentals for success:

a) HSSE: best in class
b) Increased productivity, reduced costs
c) Effective delivery models
d) Competence profile fit for upcoming market

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2Q19 summary

- Operations and results on track
- Robust financial platform
- Improved market outlook, positioning for key prospects
- Revenues for full year 2019 expected to grow to >NOK 8 billion (Field Development segment)

Way forward

- Execute projects safely and predictably
- Further improve competitiveness
- Maintain home markets, develop growth segments and increase international business
- Develop products and consider structural growth opportunities

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