Welcome to Capital Market Update

Market, competitiveness & predictable execution

12 December 2019, Høyres Hus in Oslo + webcast

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President & CEO
Karl-Petter Løken

Corporate Support
Henrik M. Inadomi

Finance
Idar Eikrem

Resources and capacity for Project Execution

Operations Project Delivery

Win New Projects

EPCI
Steinar Røgenes

- Staff functions
- Stord Yard
- Verdal Yard
- Project Management
- Engineering
- Procurement & Partnering
- Completion & Offshore Hook-up

Process & Structures
Sturla Magnus

- Njord A
- Sverdrup P2 Jacket
- Sverdrup RP
- Nordstream2 onshore
- Husnes onshore
- White Rose West
- Removal of a platform, Canada
- Decommissioning portfolio

FPSOs
Guro Høyaas Løken

- Johan Castberg
- Future FPSO projects

Renewables
Kenneth Simonsen

- Hywind Tampen
- Future projects within offshore wind and renewables onshore

Business Development
Arnt Knudsen

- BD
- Front End
- Tender process
- Russia
- Canada
- Finland
- USA
- Other inter. offices

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Agenda | Capital Market Update

09:00 – 09-05: Welcome	Karl-Petter Løken, President & CEO
09:05 – 09:20: Market outlook	Arnt Knudsen, SVP Business Dev.
09:20 – 09:30: Overall strategy	Karl-Petter Løken, President & CEO
09:30 – 09:45: Process & Structures: Current business + strategy and ambitions	Sturla Magnus, EVP Process & Structures
09:45 – 09:55: FPSOs: Current business + strategy and ambitions	Guro Høyaas Løken, EVP FPSOs
09:55 – 10:10: Renewables: Current business + strategy and ambitions	Kenneth Simonsen, EVP Renewables
10:10 – 10:25: EPCI: Kvaerner's expertise, capabilities and delivery models	Steinar Røgenes, EVP EPCI resources
10:25 – 10:40: Value creation for shareholders - Financial ambitions towards 2023	Idar Eikrem, EVP & CFO
10:40 – 10:45: Summary	Karl-Petter Løken, President & CEO
10:45 – 11:00: Q&A from audience + webcast attendants	
11:00 – 11:30 Lunch buffet and mingling	

Welcome to Capital Market Update

Market, competitiveness & predictable execution

Karl-Petter Løken, President & CEO

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Adapting to changing energy markets

Fewer traditional:

- Large topsides / large jackets at NCS
- Large concrete GBS projects

Increasing number of:

- FPSO prospects
- WHP prospects
- Renewable prospects
- Other prospects

Our message today:

Growth with sound value creation

Kvaerner today

- EPC delivery
- Strong position at NCS
- Financially robust

Kvaerner 2023

- Leading EPC contractor for energy and process industry projects
- Increased international activity
- Revenues > NOK 10 billion
- Values for shareholders

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The equity story

1	2	3	4
Market	Strategic direction	Enablers in place	Shareholder values

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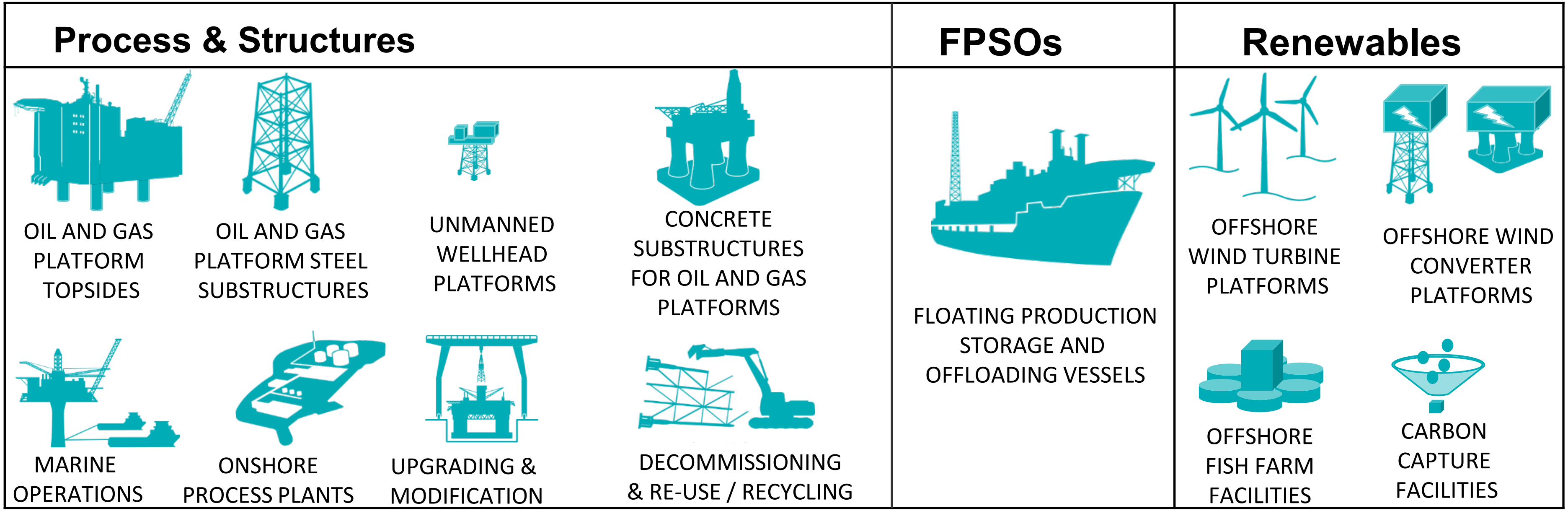
Market outlook

Arnt Knudsen, SVP Business Development

Markets



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>165 BNOK prospect pipeline*

Contract sizes (NOK)
Share of total no of projects

>40 prospects:
Early lead and target

Value:
NOK > 100 billion

15 prospects:
Key target and tendering

Value:
~ NOK 65 billion

FPSOs
Renewables
Process & Structures

PROJECT AWARDS

* *Projects Kvaerner has defined as addressable*
Dialogue established with customers on all prospects shown on slide

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Strategic direction

Karl-Petter Løken, President & CEO

Focus on selected market segments

Process & Structures	FPSOs	Renewables
1/3	1/3	1/3

1/3 = Expected share of annual revenues, over time

Ambition for growth

Already in place:

- Predictable project execution and schedule

Further improvements:

- HSSE – Best-in-class ambition
- Continuous improvement, reduced costs
- Standardisation & digitalisation
- Strategic long term partnerships
- Internationalise core products offering

Kvaerner 2023

- Leading EPC contractor for energy and process industry projects
- Wider product offering
- Increased international activity
- Revenues >10 billion NOK
- Shareholder value

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Strong focus on Environment, Social, Governance

E

- Reducing world CO_2 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

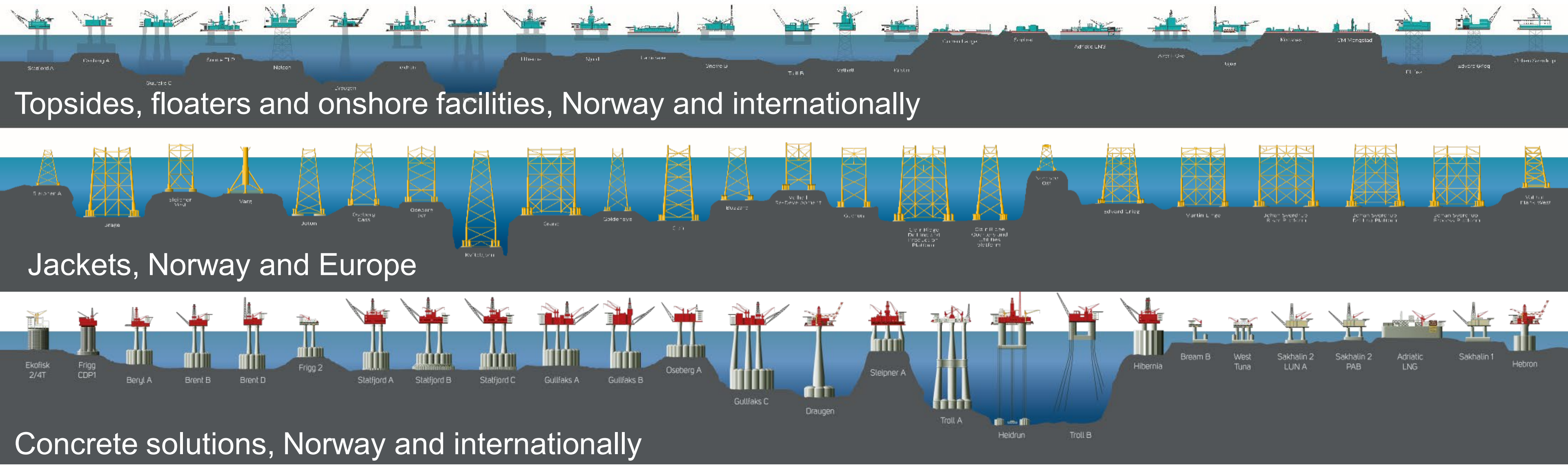
- Education, local value creation, diversity, health
  - Typically >100 apprentices every year
  - A key company in the «Stord-model» for education
  - Project execution model tailored to enable local content and jobs
  - Participant in «Including work» public programme
  - VI foundation, support to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

G

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

Market position second to none

- Solutions relevant for both oil & gas, offshore wind, onshore renewables, etc.
- Position as trusted advisor and world leading expert on predictable project execution



Some selected references

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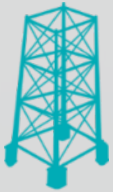
Process & Structures

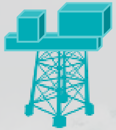
Sturla Magnus, EVP

This is Process & Structures

OIL AND GAS
PLATFORM
TOPSIDES



OIL AND GAS
PLATFORM STEEL
SUBSTRUCTURES

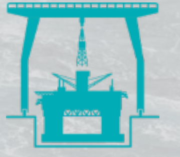


UNMANNED
WELLHEAD
PLATFORMS

CONCRETE
SUBSTRUCTURES FOR OIL
AND GAS PLATFORMS

MARINE
OPERATIONS

ONSHORE
PROCESS PLANTS



UPGRADING &
MODIFICATION

DECOMMISSIONING
& RE-USE / RECYCLING

Ongoing projects within Process & Structures

Njord A upgrade

Johan Sverdrup hook-up and modification

Johan Sverdrup Phase 2 Process platform jacket

Valhall Flank West normally unmanned WHP

Husnes upgrade

Nord Stream 2 onshore facility

West White Rose marine operations

- *Removal, Canada*
- *Decommissioning*
- *Studies, etc.*

Other projects

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Njord A opens up for future upgrade projects

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Onshore process market provides growth opportunities

Increased interest in Kvaerner's delivery model, first contract secured

O&G industry

- Terminals
- Refineries
- Gas / liquids processing

Process industry

About 50 process industry plants in Norway:

- Aluminium
- Fertiliser
- Petrochemicals
- Minerals, metals

- Main contractor to all of the 7 largest onshore oil and gas plants in Norway
- Main contractor for North Stream 2 pig trap onshore facility, Russia

Production start *1 year* ahead of normal schedule

Subsea on a Stick ®

Valhall Flank West

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FPSOs

Guro Høyaas Løken, EVP

Johan Castberg and Hywind Tampen at the new Stord quay

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Developing the FPSO factory

- Building on Castberg, gradually increasing scope and benefitting from serial production
- Executed pre-FEED for Bay du Nord

FPSOs by Kvaerner and Aker Solutions:
- Norne
- Åsgard A
- Triton
- Jotun
- Sea Rose
- Skarv

Johan Castberg:
- EPma : AKSO
- FC Topside & Integration:Kvaerner
- Hull EPC:Sembcorp
- Turret EPC: SBM

New FPSO 1

New FPSO 2

New FPSO 3

Implementing The FPSO factory

Cost improvements

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Kvaerner teaming up with Aker Solutions and Samsung

Customer

Consortium / FPSO Factory

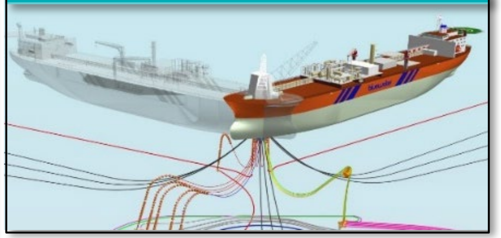
Hull Contractor
Samsung Heavy Industries

Engineering, Procurement, Fabrication and Integration of Topsides
Kvaerner / AKSO partnership

MoU for FPSO Factory

Safety & Automation System
EPC subcontractor to Kvaerner / AKSO

Turret
EPC subcontractor to Kvaerner / AKSO



Illustrative model for future cooperation

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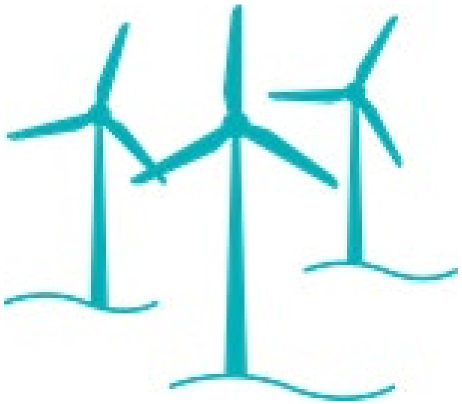
Renewables

Kenneth Simonsen, EVP

Renewables in Kvaerner

Offshore wind



- Turbine foundations
- Converter platforms
- Substations

Onshore renewables

- Carbon capture and storage
- Biofuels plants
- Hydrogen plants

Offshore wind and Hywind Tampen

- Hywind Tampen – an important strategic breakthrough
- Will reduce CO_2 emissions
- Position Kvaerner as a contender for offshore wind projects both domestically and internationally
- Vital for industrialising solutions and reducing costs

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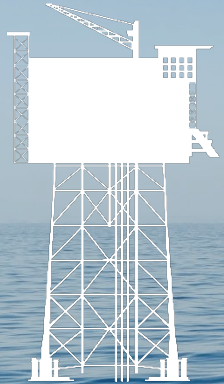
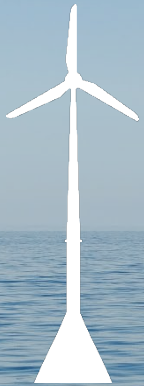
EPCI expertise will benefit wind power market

CONVERTER PLATFORMS



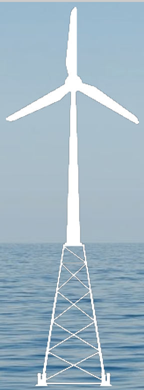
EPCI contractor for converter platforms and substations

CONCRETE GBS FOUNDATIONS



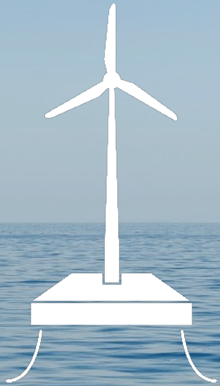
Gravity based wind turbine foundations in concrete

STEEL JACKET SUBSTRUCTURES



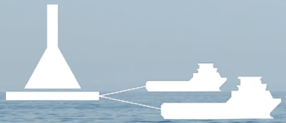
Steel jackets and tripods for offshore wind turbines

FLOATING FOUNDATIONS



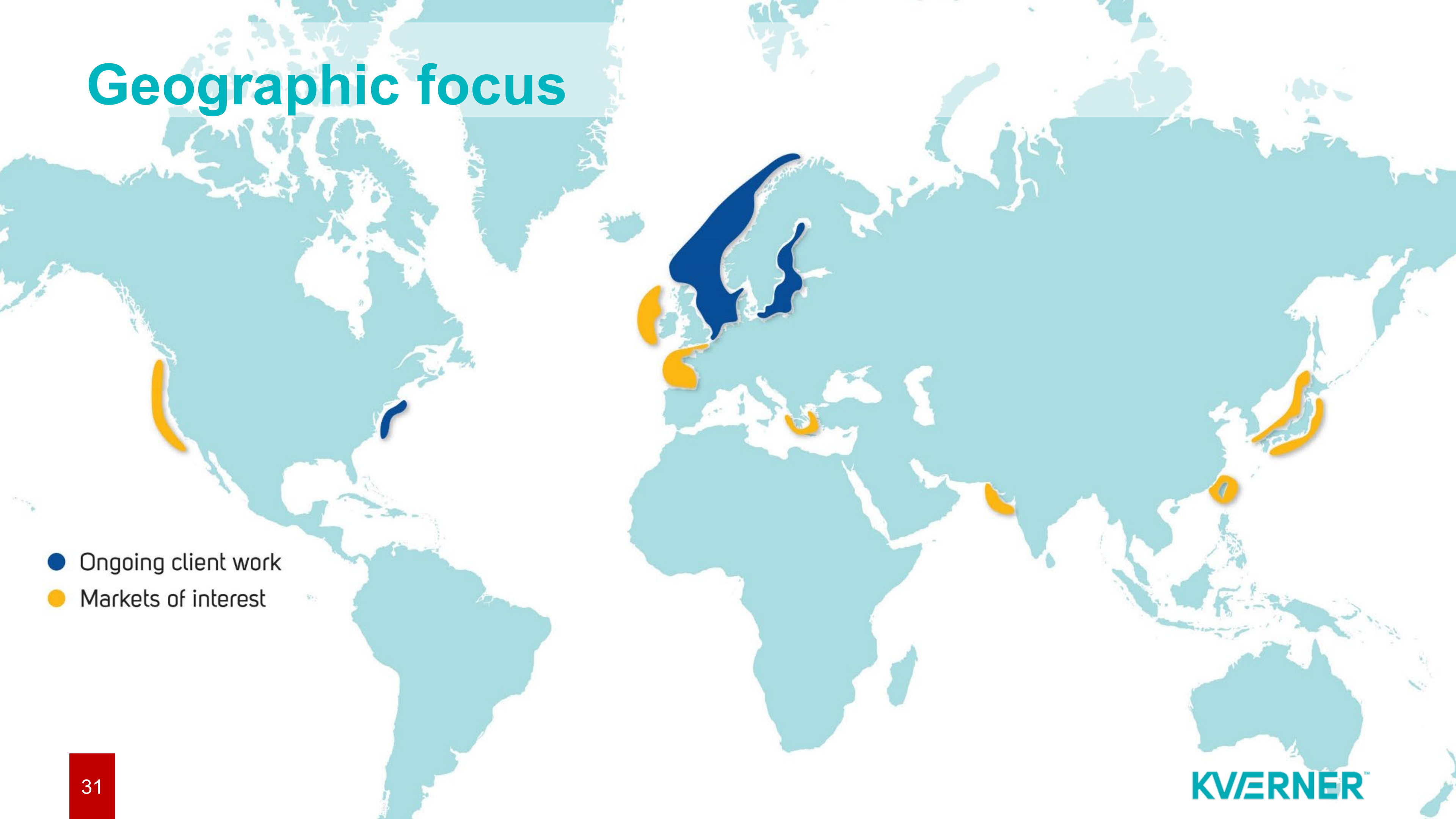
Steel or concrete floating substructures

MARINE OPERATIONS



In-house marine operations

Geographic focus



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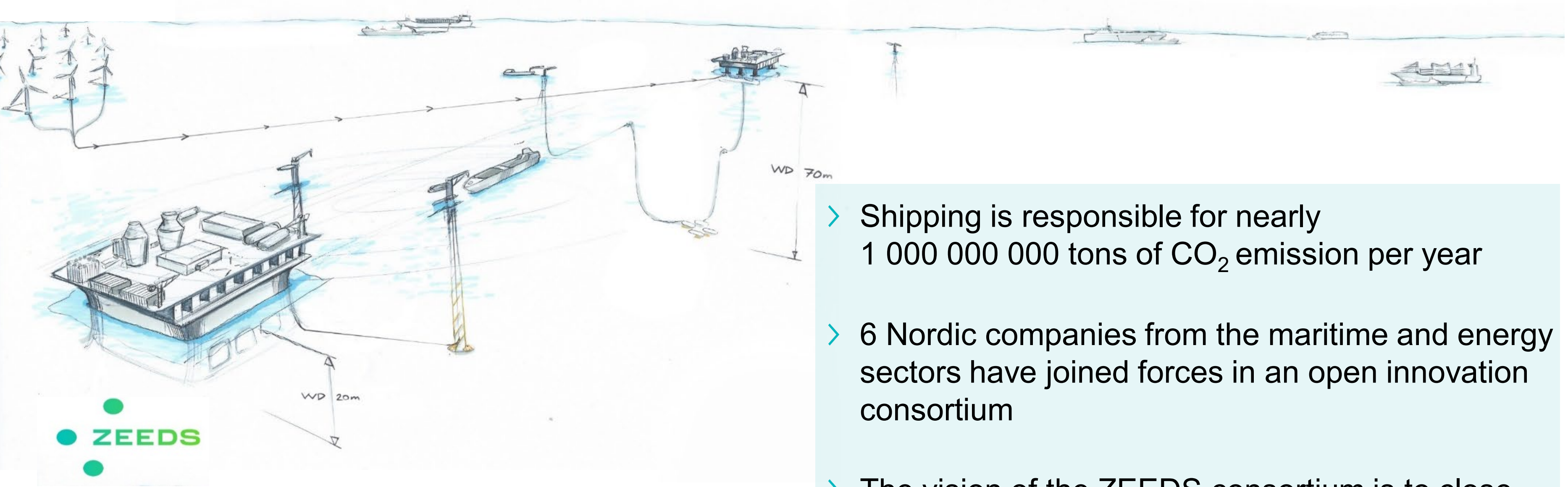
What do we bring to the offshore wind industry?

OUR O&G CAPABILITIES…

…ARE APPRECIATED IN NEW BUSSINES AREAS

- HSSE FOCUS
- PREDICTABILITY
- FINANCIAL STRENGTH
- KNOW-HOW
- HOLISTIC APPROACH

Emerging opportunities



Zero emission energy distribution at sea

- Shipping is responsible for nearly 1 000 000 000 tons of CO_2 emission per year
- 6 Nordic companies from the maritime and energy sectors have joined forces in an open innovation consortium
- The vision of the ZEEDS consortium is to close the gap towards zero emission shipping

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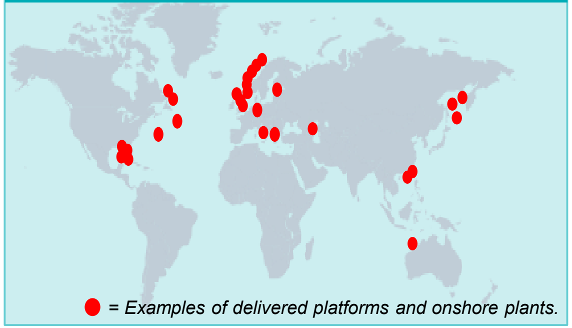
Expertise, capabilities and delivery models

Steinar Røgenes, EVP for EPCI

This is Kvaerner

Effective, flexible facility, Verdal

Solid international track record



Effective, flexible facility, Stord

~ 3 000 skilled employees

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Competitiveness by digitalisation and robotisation

Reduce cost base with ~10%

Examples of initiatives:

- **Robots and automated welding**
  5-8 times productivity
- **Automated scaffolding design**
  Fewer man-hours and improved access
- **The new insulation factory**
  Digital production line, new deliveries, flexibility and reduced man-hours

Photo from new digitalised insulation manufacturing line.
Insulation boxes can now be manufactured automatically,
versus traditional process with all-manual measuring, drawing, manufacturing.

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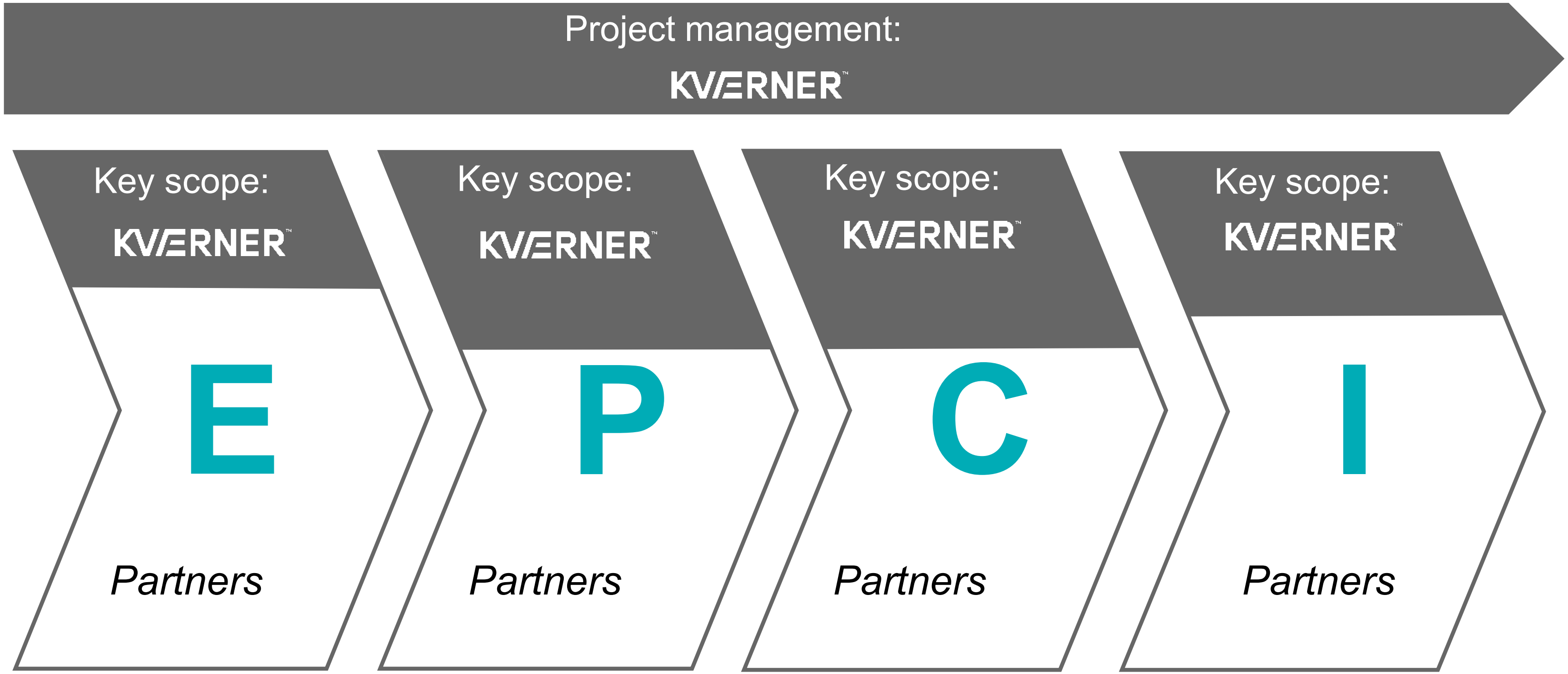
A flexible delivery model together with partners

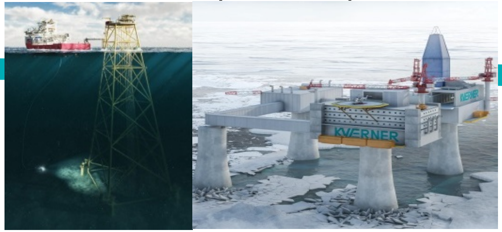


Illustrative. Scope executed by partners or subcontractors may vary between different types of contracts, projects and different geographical regions.

A rare expertise with great impact and value

Integration of complex elements to a complete solution

FEED / concept development



Detail engineering

Procurement

Project management

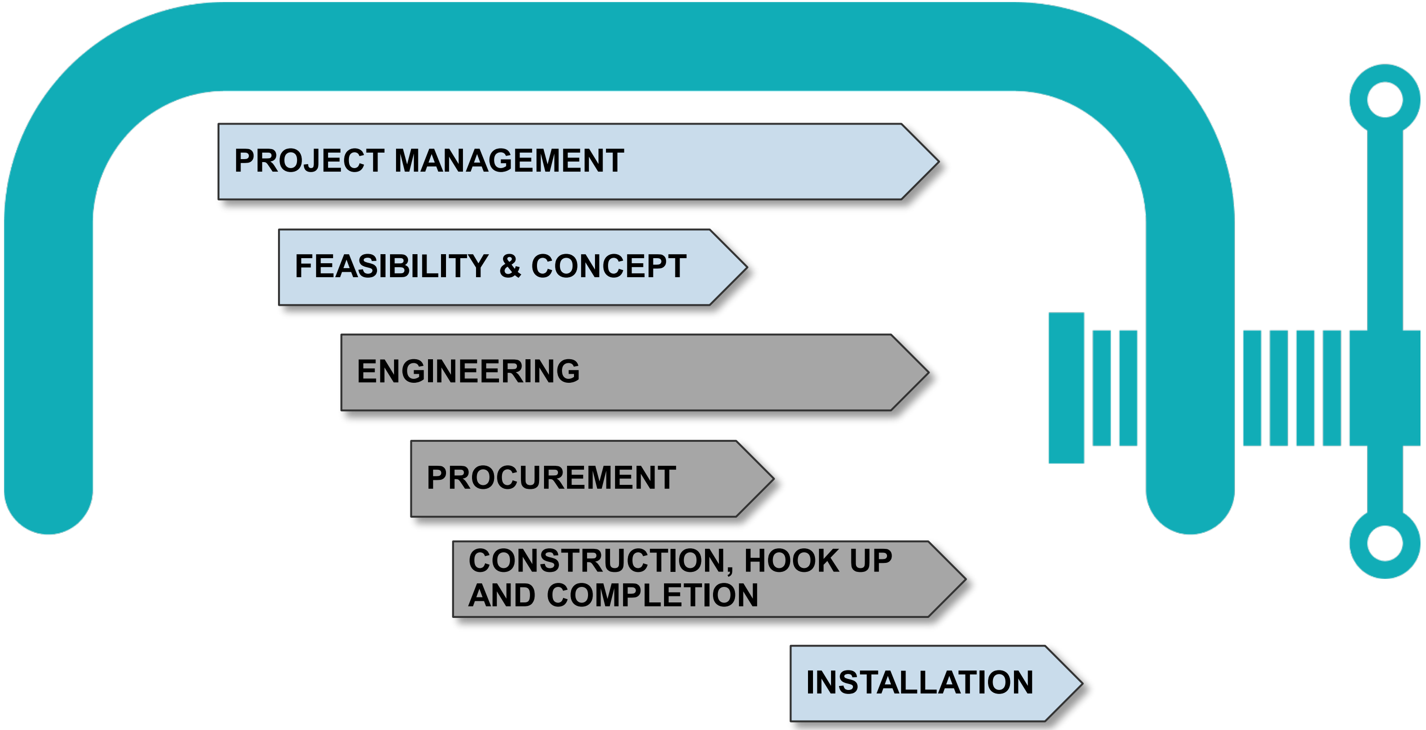
Fabrication / construction

Assembly

Hook-up, commissioning

Tow-out, installation, assistance to production start

Parallel EPC execution + Precision = Value

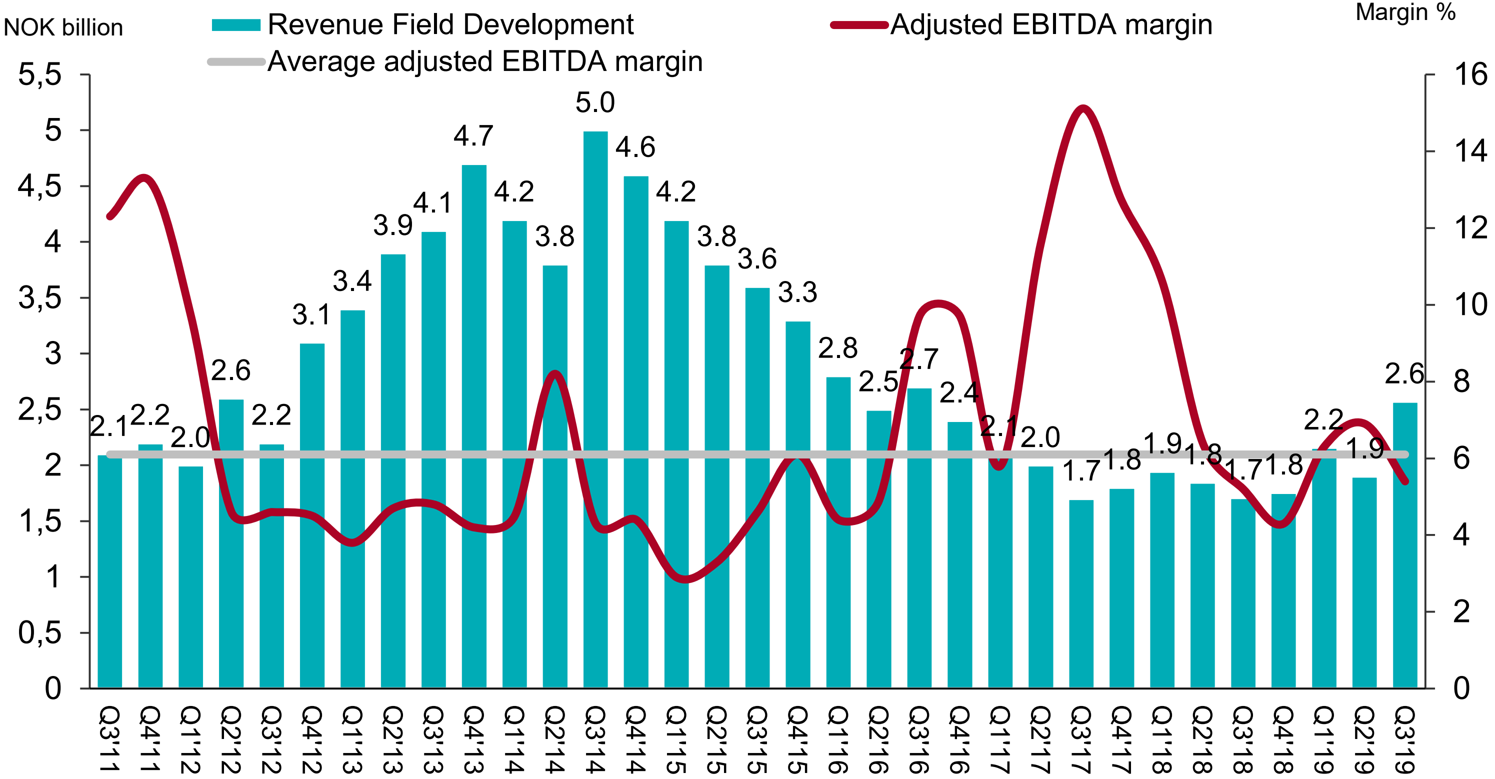


Each month earlier first oil = typically ~ MNOK 250 – 500 increased value

Creating shareholder values - Financial ambitions

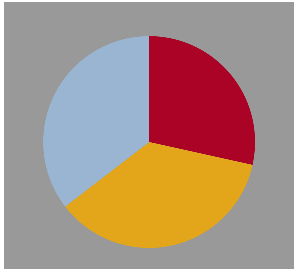
Idar Eikrem, EVP & CFO

Market opportunities transformed to predictable deliveries 33 quarters in a row

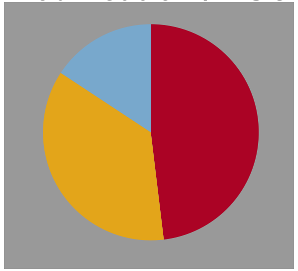


NOK billion	2012	2013	2014	2015	2016	2017	2018
Revenue Field Development	9.8	16.1	17.5	14.9	10.4	7.6	7.3

Project example new topside EPC



Project example, modification / HUC



Own value creation
Procurement
Subcontractors

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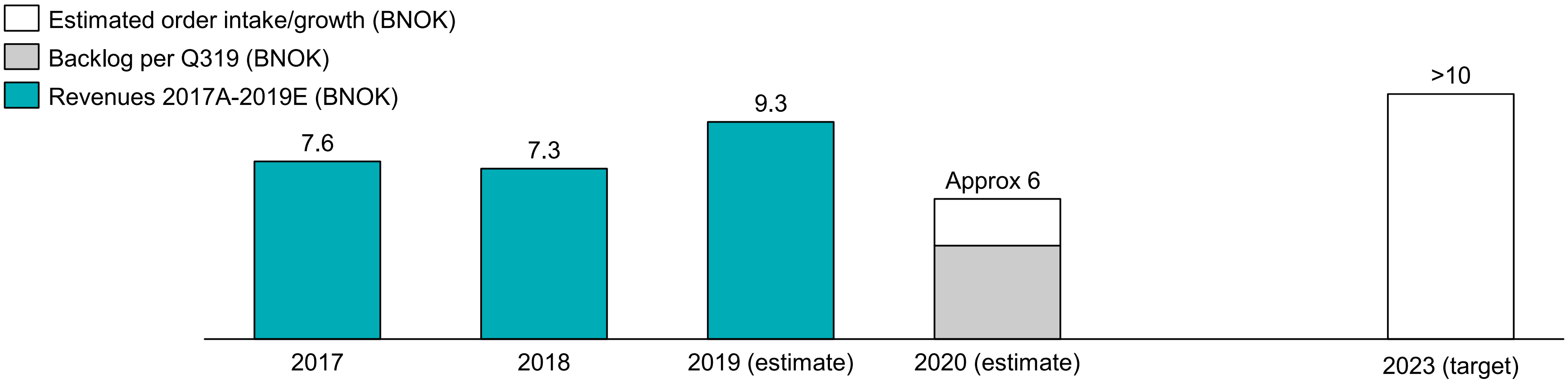
Key financial perspectives
(Field Development segment)



	2017	2018	2019 (estimate)	2020 (estimate)	2023 (target)
EBITDA (%)	11.1%	6.7%	5 - 6%	Approx. 3%	Target 5 - 6%
NCOA (MNOK)				Neg 0-1 000	Neg 0-1 000
Capex[1] (MNOK)	91	334	Approx. 400	Approx. 150	Approx. 100

(1) Expected normalised annual CAPEX from 2020 and onwards:

- NOK 50 mill maintenance + NOK 50 mill productivity enhancement.
- CAPEX for special purposes may come in addition.

CAPEX from H2 2011 to Q3 2019

New crane and quay, Stord Yard

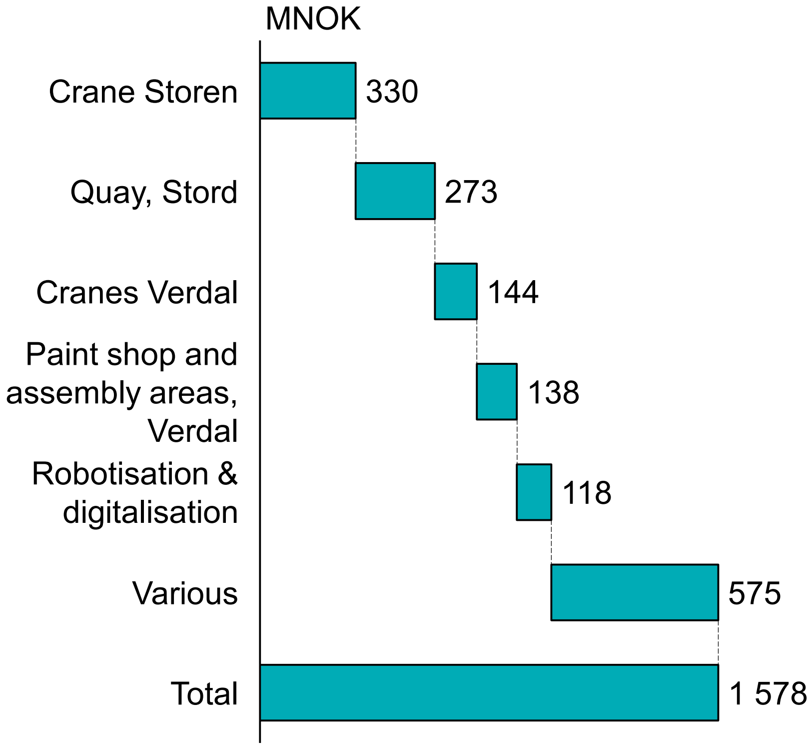
Robotisation

Service tower, Stord

Fabrication hall, Verdal Yard

Digitalisation

New cranes, Verdal Yard



Shareholder value:

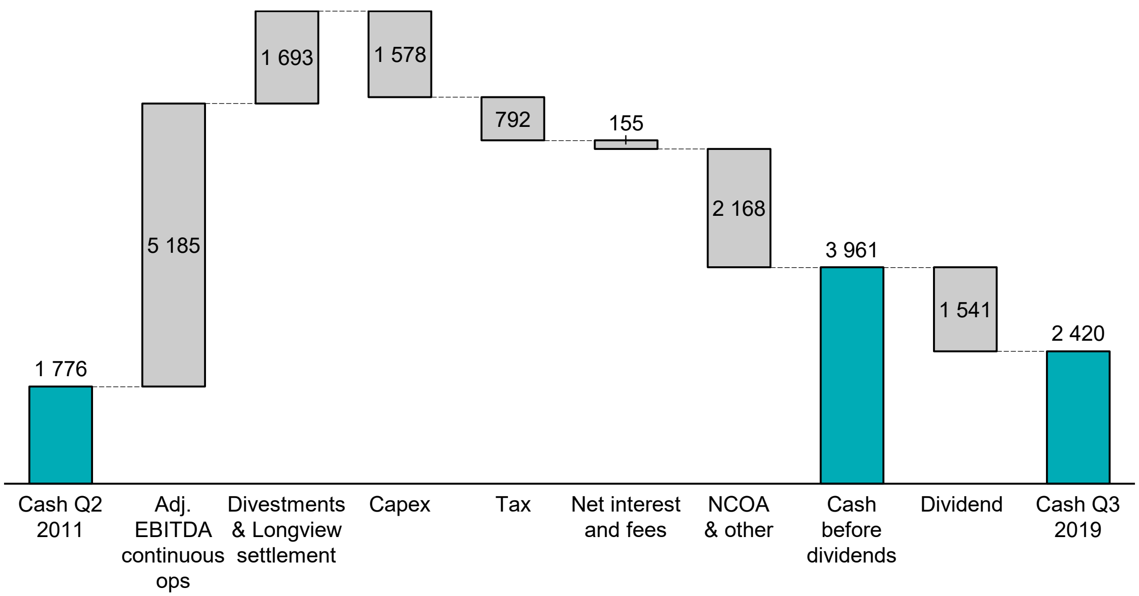
A cash generator with solid dividends over time

Field Development segment	3Q11-19 Average annualised
Revenue (MNOK)	11 450
EBITDA (MNOK)	704
EBITDA margin	6.1%

Dividend	3Q11-3Q19
Per share (NOK)	5.73
Total (MNOK million)	1 541
Share of net profit continuous ops	74%

Cash development from listing

NOK million



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Summary

Karl-Petter Løken

Summary

1

Market

Focus on three segments

Focused pursuit pipeline

2

Strategy

HSSE - best in class

Pursue oil & gas and renewables prospects

International growth

3

Enablers

Financial platform

Employees & yards

Delivery models

4

Shareholder value

Growth combined with sound margins

Solid cash generation

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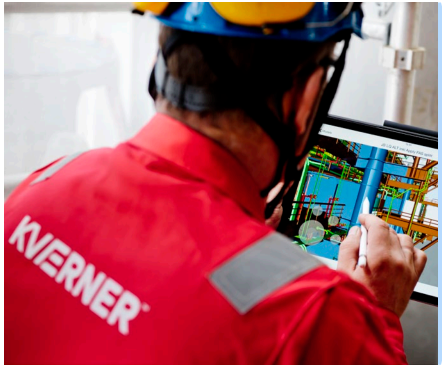
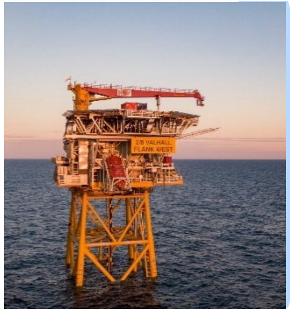
Kvaerner's history is the industry's history:

Ability to continuously adapt to new opportunities is in our culture



1841 — 2020




We build valuable, sustainable industries!

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