



## Third Quarter Results 2004

Karl Erik Kjelstad, President & CEO

Leif Borge, CFO

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## Agenda

- **Introduction and background** K E Kjelstad
- Financial update L Borge
  - Company overview
- Market segments K E Kjelstad
- Closing remarks K E Kjelstad
- Q & A Session

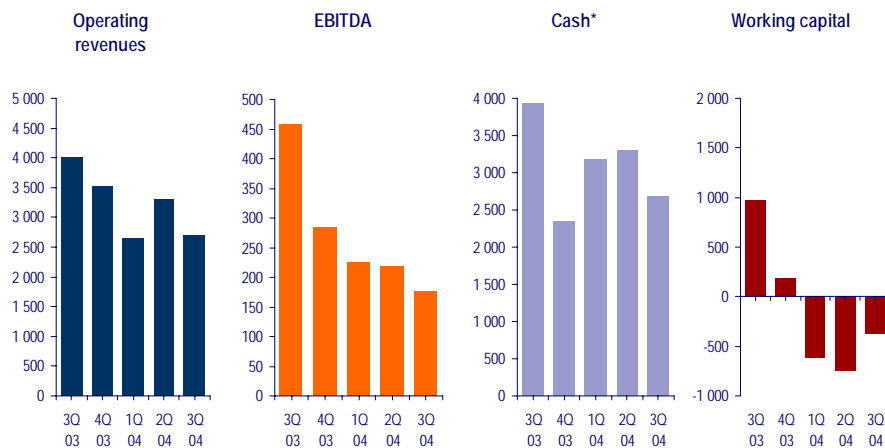
The combination of the shipbuilding activities in Aker and Kvaerner has been accounted for from 1 April 2004. Historical figures in this report are pro forma figures based on the results of the Aker Yards Group and the shipbuilding activities in Kvaerner.

## Highlights third quarter 2004

- **NOK 6.7 billion in orders**
  - NOK 11.5 billion in orders since second quarter\*
  - Order book is significantly improved, but still not full capacity utilization
- **Good operations and project execution**
  - EBITDA margin of 6.5 per cent in third quarter
  - Shipshape operations
  - Restructuring in Norway implemented. Underway in Finland
- **Improved market development**
  - Good order intake, particularly in Cruise and Offshore
  - Increased market activity
- **Guidance for 2004 increased**
  - Operating revenues of around NOK 12 billion, EBITA-margin > 4 per cent before non-recurring items

\* Including letters of intent

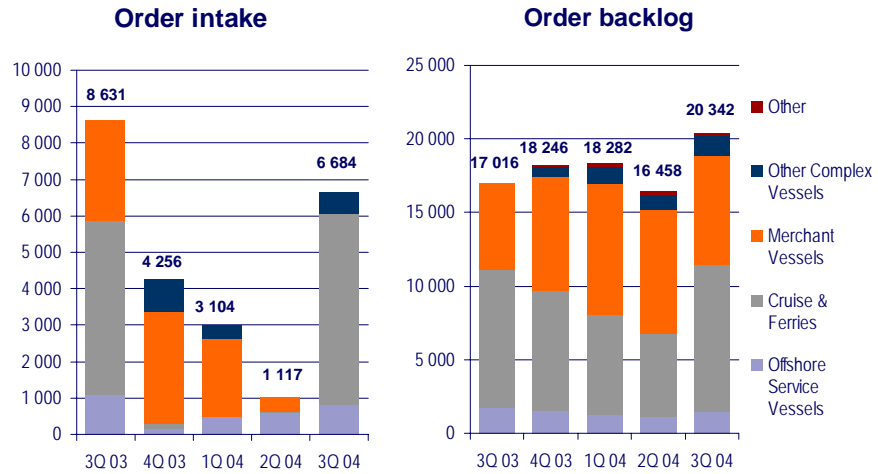
## Key indicators



All amounts in NOK million

\* Including short-term interest bearing receivables

## Order backlog



All figures in NOK million

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## NOK 11.5 bn in orders after the second quarter

### New orders after 30 June 2004\*

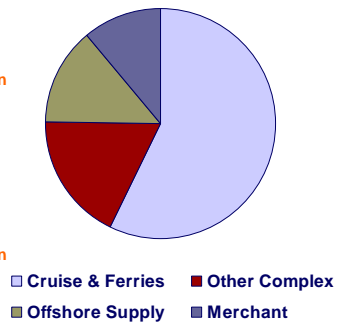
DOFASA	200 MNOK
S Møkster Shipping	200 MNOK
RCI, Enchantment of the Seas	350 MNOK
DOF ASA	140 MNOK
Norilsk Nickel	575 MNOK
RCL, Ultra Voyager	4 700 MNOK
Great Eastern Shipping	230 MNOK
Island Offshore	130 MNOK
UT 755 L	120 MNOK
Olympic Master KS	125 MNOK
Siem Offshore	250 MNOK
3 ice breaking supply vessels	1 500 MNOK
B&N Nordsjøfrakt* *	1 260 MNOK
Remøy Shipping	150 MNOK
Tallink	1 350 MNOK
Møre og Romsdal Fylkesbåtar	120 MNOK

\*\*Letter of intent

### Distribution by business area

Q3:  
Ca NOK 6.7 bn

Q4:  
Ca NOK 5.0 bn



\*Exchange rates at the day of announcement

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## Capacity utilization

### Cruise & Ferries – a mixed bag

Rauma: Low activity until construction of Tallink vessel commences  
Turku: High activity, strong backlog  
Helsinki: Low utilization, needs new orders

### Merchant Vessels - good order backlog

Some reluctance to commit to new projects due to uncertainties concerning steel prices and subsidies

Removal of CGT limitations gives some opportunities in 2005, and will have full effect from 2006

### Offshore Service Vessels - moderate activity until new orders taking effect

Despite high order intake, yard activity will remain moderate until second quarter 2005

### Other Complex Vessels - high activity

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## Profit and loss statement

Amounts in NOK million	3Q 03	4Q 03	1Q 04	2Q 04	3Q 04	YTD03	YTD04	2003
Operating revenues	4 005	3 513	2 645	3 317	2 702	12 352	8 664	15 865
Operating costs	-3 547	-3 228	-2 420	-3 098	-2 526	-11 027	-8 044	-14 255
<b>EBITDA</b>	<b>458</b>	<b>285</b>	<b>225</b>	<b>219</b>	<b>176</b>	<b>1 325</b>	<b>620</b>	<b>1 610</b>
EBITDA-margin (in %)	11.4	8.1	8.5	6.6	6.5	10.7	7.2	10.1
<b>EBITA</b>	<b>393</b>	<b>218</b>	<b>162</b>	<b>148</b>	<b>107</b>	<b>1 129</b>	<b>417</b>	<b>1 347</b>
EBITA-margin (in %)	9.8	6.2	6.1	4.5	4.0	9.1	4.8	8.5
EBIT before non-recurring items	366	170	133	122	79	1 050	334	1 220
Non-recurring items	0	0	0	-30	0	0	-30	0
<b>EBIT</b>	<b>366</b>	<b>170</b>	<b>133</b>	<b>92</b>	<b>79</b>	<b>1 050</b>	<b>304</b>	<b>1 220</b>
Net financial items	-27	15	7	-11	-12	-89	-16	-74
<b>Pretax profit</b>	<b>340</b>	<b>185</b>	<b>140</b>	<b>81</b>	<b>67</b>	<b>961</b>	<b>288</b>	<b>1 146</b>
Tax	-84	-12	-51	-20	-23	-233	-94	-245
<b>Net profit</b>	<b>255</b>	<b>173</b>	<b>89</b>	<b>61</b>	<b>44</b>	<b>728</b>	<b>194</b>	<b>901</b>
Earnings per share, NOK	12.18	8.40	3.64	2.96	2.23	34.51	8.85	42.91

## Cash flow

Amounts in NOK million	3Q 03	4Q 03	1Q 04	2Q 04	3Q 04	YTD03	YTD04
Cash flow from operating activities	409	246	219	116	161	1 180	496
Change in working capital	805	482	1 121	-19	-395	-378	707
<b>Cash Flow from operations</b>	<b>1 214</b>	<b>728</b>	<b>1 340</b>	<b>97</b>	<b>-234</b>	<b>802</b>	<b>1 203</b>
Cash Flow from investing	-57	-31	-139	74	-65	-150	-130
Cash Flow from financing	-222	-137	-343	-131	-292	-759	-766
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>935</b>	<b>560</b>	<b>858</b>	<b>40</b>	<b>-591</b>	<b>-107</b>	<b>307</b>
Effect of FX changes	32	75	-22	8	-4	118	-18
Cash and cash equivalents at beginning of period	670	1 637	2 272	3 108	3 156	1 626	2 272
<b>Cash and cash equivalents at end of period</b>	<b>1 637</b>	<b>2 272</b>	<b>3 108</b>	<b>3 156</b>	<b>2 561</b>	<b>1 637</b>	<b>2 561</b>

## Working capital

Amounts in NOK million	YE 02	YE 03	2Q 04	3Q 04
Other current operating assets	6 221	5 825	5 328	6 160
- Other current operating liabilities	-3 371	-4 244	-4 454	-4 041
- Construction loans	-1 935	-1 399	-1 621	-2 494
<b>= Net working capital</b>	<b>916</b>	<b>182</b>	<b>-747</b>	<b>-375</b>
+ Cash and bank deposits *)	1 626	2 272	3 156	2 561
+ Current interest bearing receivables	1 589	76	140	128
<b>= Total working capital</b>	<b>4 131</b>	<b>2 530</b>	<b>2 549</b>	<b>2 314</b>
*) of which in escrow	428	709	1 471	1 351
Adjusted Net working capital**	1 344	891	724	976

\*\*Net working capital + cash in escrow

## Net interest bearing debt

Amounts in NOK million	YE 02	YE 03	2Q 04	3Q 04
Long term interest bearing debt	1 449	1 780	1 645	1 333
+ Short term interest bearing debt	2 047	30	35	29
- Long term interest bearing receivables	-178	-146	-39	-37
- Current interest bearing receivables	-1 589	-76	-140	-128
- Cash and bank deposits *)	-1 626	-2 272	-3 156	-2 561
<b>Net Interest Bearing Debt</b>	<b>103</b>	<b>-684</b>	<b>-1 655</b>	<b>-1 364</b>
*) of which project related cash	427	816	1 601	1 441

## Assets

Amounts in NOK million	YE 02	YE 03	2Q 04	3Q 04
Intangible fixed assets	1 423	1 533	1 532	1 499
Tangible fixed assets	2 254	2 495	2 379	2 366
I B long-term receivables	99	146	39	37
Other long-term assets	155	54	58	53
<b>Total fixed assets</b>	<b>3 932</b>	<b>4 228</b>	<b>4 008</b>	<b>3 955</b>
I B current assets	1 589	76	140	128
Other operating current assets	6 221	5 825	5 328	6 160
<b>Total receivables and current assets</b>	<b>7 810</b>	<b>5 901</b>	<b>5 468</b>	<b>6 288</b>
Total cash and bank deposits	1 626	2 272	3 156	2 561
<b>Total current assets</b>	<b>9 436</b>	<b>8 173</b>	<b>8 624</b>	<b>8 849</b>
<b>Total assets</b>	<b>13 368</b>	<b>12 401</b>	<b>12 632</b>	<b>12 804</b>

## Liabilities

Amounts in NOK million	YE 02	YE 03	2Q 04	3Q 04
Equity	4 101	4 277	4 381	4 419
Minority interest	62	59	40	41
<b>Total equity</b>	<b>4 163</b>	<b>4 336</b>	<b>4 421</b>	<b>4 460</b>
Non IB long-term debt	404	612	456	447
I B long-term debt	1 449	1 780	1 645	1 333
<b>Total long-term debt</b>	<b>1 853</b>	<b>2 392</b>	<b>2 101</b>	<b>1 780</b>
Short-term I B debt	2 046	30	35	29
Construction loans	1 935	1 399	1 621	2 494
Other current operating liabilities	3 371	4 244	4 454	4 041
<b>Total current liabilities</b>	<b>7 352</b>	<b>5 673</b>	<b>6 110</b>	<b>6 564</b>
<b>Total equity and liabilities</b>	<b>13 368</b>	<b>12 401</b>	<b>12 632</b>	<b>12 804</b>

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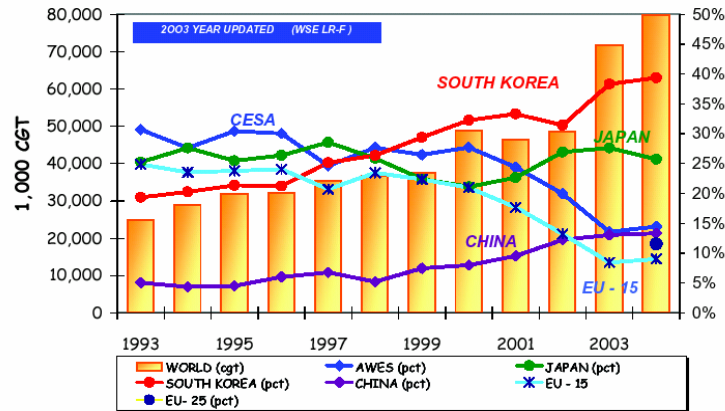
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## Global order book tripled in ten years\*



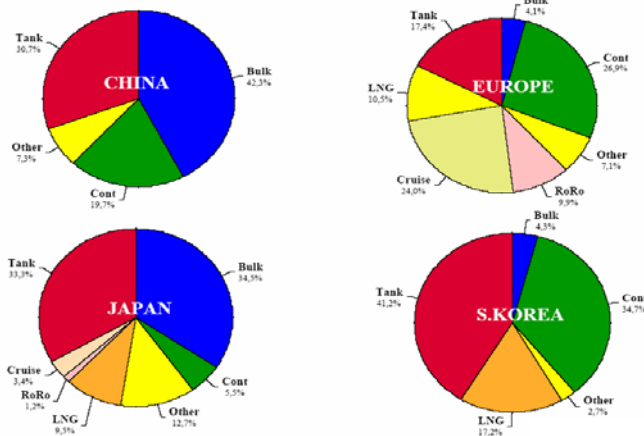
Note: Since 2002 Croatia is AWES' member

\*as per 30.06.2004

Source: AWES annual report

## European industry has a diversified portfolio

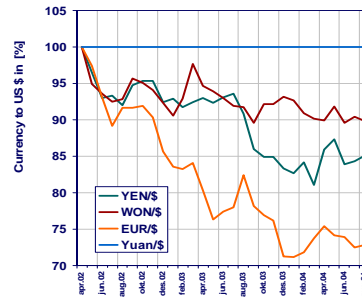
Delivery in mill cgt and % of total delivery for 2004 for yards building ships > 30,000 dwt



Source: R.S Platou Shipbrokers a.s

## Exchange rates important to the industry

- No short term effect of strong NOK for Aker Yards
  - Rigid hedging policy
  - Minimal currency exposure in existing contracts
- Long term effect of strong NOK/EUR vs USD:
  - Customers decision on ordering may be postponed
- But
  - All cruise builders in the euro-zone



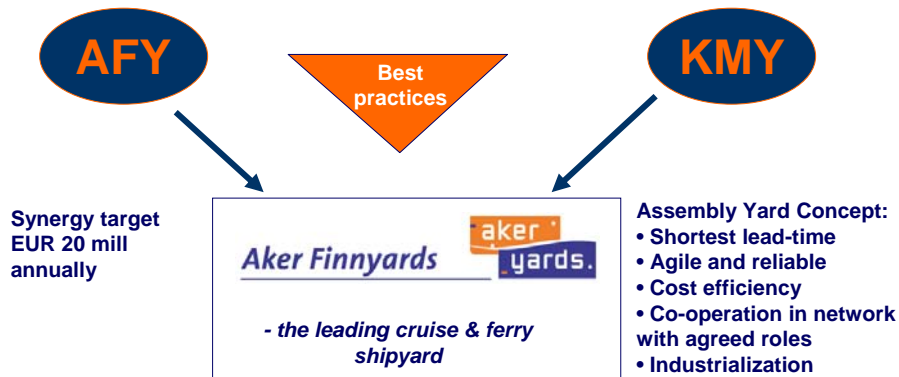
Source: www.x-rates.com

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## Restructuring in Finland

The new Aker Finnyards



One company - three shipyards

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## Restructuring in Norway

### The new Aker Brattvaag

- One group comprising all yards in the Northwest region in Norway:
  - Aker Langsten, Aker Aukra, Brattvaag Skipsverft, Søviknes Verft, Aker Tulcea (Romania), and Aker Promar (Brazil)
- Goal: to increase competitiveness
- 4,000 employees, 800 in Norway.
- Initiated 7 June 2004, and implemented pr 1 October 2004
- Contract for 3 arctic offshore vessels made possible by new organization



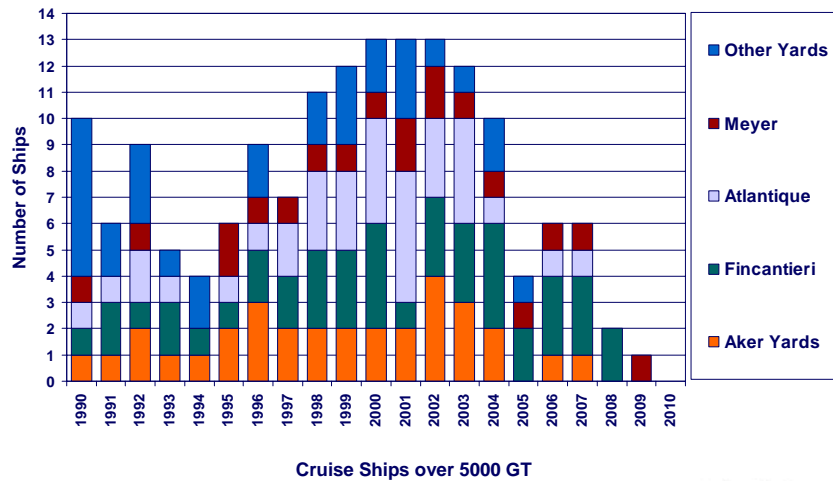
## Cruise & Ferries

- Increased activity in the market during 2004
- Restructuring in Finland initiated
- NOK 5.2 bn. in new orders in third quarter
- Order intake below ambitions
- Production of current backlog as planned



Amounts in NOK million	3Q 03	4Q 03	1Q 04	2Q 04	3Q 04	YTD 03	YTD 04
Operating revenues	1 865	1 856	1 111	1 194	897	5 972	3 202
EBITDA	300	259	156	146	99	782	401
EBITDA margin (in %)	16.1	14.0	14.0	12.2	11.0	13.1	12.5
Order intake	4 745	149	35	39	5 204	4 745	5 278
Order backlog	9 416	8 173	6 864	5 683	10 051	9 416	10 051

## Cruise ship- newbuilding deliveries per year by shipyard



## Merchant Vessels

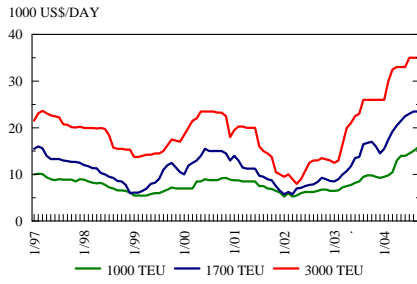
- Operations according to plan
- Steel prices increased significantly
- German subsidies clarified
- Growing demand for smaller tankers



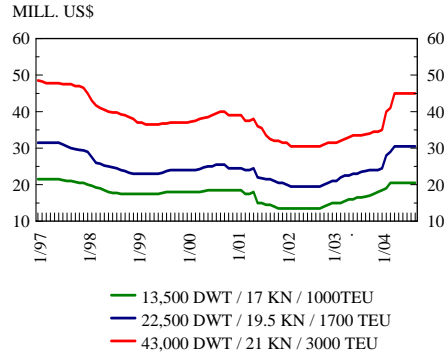
Amounts in NOK million	3Q 03	4Q 03	1Q 04	2Q 04	3Q 04	YTD 03	YTD 04
Operating revenues	1 069	891	689	848	1 007	2 609	2 544
EBITDA	67	25	39	39	56	156	134
EBITDA margin (in %)	6.3	2.8	5.7	4.6	5.6	6.0	5.3
Order intake	2 776	3 054	2 129	389	16	3 602	2 545
Order backlog	5 900	7 693	8 831	8 460	7 318	5 900	7 318

## Strong container market

Charter rates for container ships



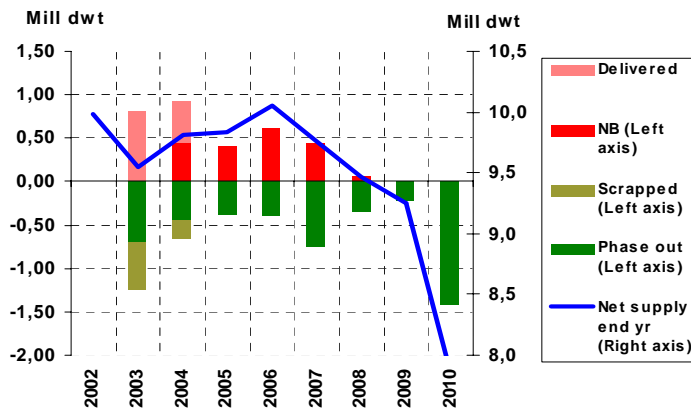
Newbuilding prices for container ships



Source: R.S Platou Shipbrokers a.s

## New IMO and EU rules give opportunities

in smaller tanker segment (5 000 – 20 000 dwt)



Source: Lorentzen & Stemoco

## Offshore Service Vessels

- Order intake up 41 % from previous quarter
- Increased activity in the market
- Market focus on early delivery slots (up to summer 2006)
- AKY value chain and capacity creates competitive advantage



Aker Yards AH 03

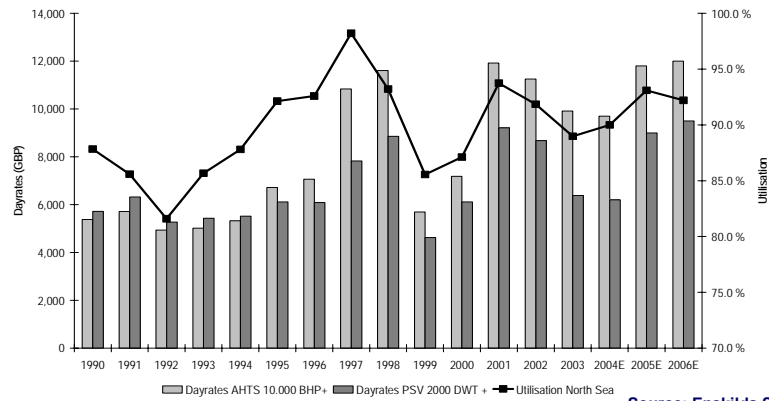
Amounts in NOK million	3Q 03	4Q 03	1Q 04	2Q 04	3Q 04	YTD 03	YTD 04
Operating revenues	1 014	477	580	853	482	3 502	1 915
EBITDA	120	128	80	76	65	430	221
EBITDA margin (in %)	11.8	26.9	13.8	8.9	13.4	12.3	11.5
Order intake	1 110	156	469	592	834	1 357	1 895
Order backlog	1 700	1 522	1 225	1 094	1 451	1 700	1 451

## Growing international offshore-related activity



## Firm recovery in the offshore market

### Utilization in North Sea supply vessel market and development in day rates (AHTS & PSV)



Source: Enskilda Securities  
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## Other Complex Vessels

- Increased activity in the Arctic market materializing in new orders
- Gas ferry contract in Norway to be decided in the near future



Amounts in NOK million	3Q 03	4Q 03	1Q 04	2Q 04	3Q 04	YTD 03	YTD 04
Operating revenues	75	97	51	171	215	146	437
EBITDA	5	13	4	15	9	23	28
EBITDA margin (in %)	6.9	13.5	7.7	8.8	4.0	16.1	6.3
Order intake	-	897	351	-	600	-	951
Order backlog	-	732	1 184	1 012	1 403	-	1 403

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- **NOK 6.7 billion in orders, NOK 11.5\* billion in orders since second quarter**
- **Improved market development**
- **Good operations and project execution**
- **Guidance for 2004 increased**



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