

For Immediate Release

VARD'S DIVERSIFICATION STRATEGY MOVING INTO IMPLEMENTATION STAGE

- *Successful delivery of four vessels in 4Q 2016 and 13 vessels in FY 2016*
- *Full year new order intake of NOK 10.6 billion surpasses previous two years*
- *Improvement in EBITDA margin to 3.1% and 2.1% in 4Q 2016 and FY 2016 respectively*
- *Strong operating cash flow and significantly reduced construction loan balance resulting from delivery of large Offshore Subsea Construction Vessels ("OSCV")*

Singapore, 1 March 2017 – Vard Holdings Limited ("VARD", and together with its subsidiaries, the "Group"), one of the major global designers and shipbuilders of specialized vessels, today announced its financial results for the fourth quarter ended 31 December 2016 ("4Q 2016"), and full year ended 31 December 2016 ("FY 2016").

New order intake in the quarter mainly from ancillary services and aquaculture

VARD's order book grew by NOK 411 million over the past quarter, bringing VARD's total to NOK 10.6 billion for the full year, surpassing new order intake for each of the previous two financial years ("FY 2014" and "FY 2015"). No new vessel orders were recorded in 4Q 2016, as the contract for two luxury cruise vessels for Hapag-Lloyd Cruises, confirmed in October, was previously accounted for in the preceding period ("3Q 2016"). Nonetheless, new order intake was buoyed by a steady flow of variation orders, repair and conversion works, as well as VARD's success in its diversification into the aquaculture business. Order flow of vessel newbuilding projects has resumed after the end of the quarter with contracts announced for two ferries and one krill fishing vessel, and a Letter of Intent ("LoI") for an expedition cruise vessel.

As at 31 December 2016, the Group had an order book of 41 vessels, of which 35, or 85%, will be of VARD's own design. This translates to a total order book value of NOK 12.6 billion as at 31 December 2016, representing a 24% increase from NOK 10.2 billion in FY 2015.

Lower revenues but improvement in EBITDA margin

VARD posted lower revenues of NOK 2.2 billion in 4Q 2016 and NOK 7.9 billion in FY 2016, representing a year-on-year decline of 35% and 30% respectively. This was mainly attributable to lower activity levels at the European yards stemming from the low order intake in 2015, and the shutdown of Vard Niterói in Brazil, where the Group has ceased all shipbuilding activities.

EBITDA before restructuring cost rose to NOK 67 million and NOK 168 million in 4Q 2016 and FY 2016 respectively, versus NOK 35 million and negative NOK 321 million in the corresponding periods the year before. EBITDA margins climbed to 3.1% in 4Q 2016 and 2.1% in FY 2016, as compared to 1.1% and negative 2.8% in 4Q 2015 and FY 2015. The improvement is mainly due to the positive contribution

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of some projects under construction in Europe, as well as the loss provisions accrued in FY 2015 related to projects at the Brazilian yards.

Restructuring costs of NOK 29 million and NOK 105 million were recognized during the quarter and full year. These were mainly incurred in relation to termination benefits and statutory payments for temporary lay-offs, and are primarily due to the cessation of operations at Vard Niterói. The impairment of shareholdings in associated ship-owning entities, reflecting the down-turn in the offshore market, impacted FY 2016 results negatively.

Consequently, VARD registered a net loss of NOK 69 million in 4Q 2016 and NOK 197 million in FY 2016, compared to a loss of NOK 170 million in 4Q 2015 and NOK 1.3 billion in FY 2015. Losses of NOK 67 million and NOK 163 million were attributable to equity holders of the Company for 4Q 2016 and FY 2016 respectively. This translates to a cumulative loss per share of 2.29 SGD cents for the full year, as compared to a loss 8.22 SGD cents the year before.

Cash generated from operating activities totalled NOK 617 million and NOK 767 million respectively for 4Q 2016 and FY 2016, as compared to negative NOK 51 million and negative NOK 1.2 billion in the corresponding periods the year before. Cash and cash equivalents stood at NOK 722 million as at 31 December 2016. In terms of borrowings, total current liabilities decreased from NOK 16.5 billion at 31 December 2015 to NOK 10.0 billion at 31 December 2016, following a reduction in construction loans after the successful delivery of 13 vessels during the year. Non-current liabilities increased from NOK 1.4 billion to NOK 1.8 billion during the same period.

Romania and Vietnam yards operating at full load, while utilization still challenging in Norway

Activity at VARD's Norwegian shipyards remains soft, following the delivery of two large OSCVs in 4Q 2016, and another one in early January. Temporary layoffs are used to mitigate the effects of varying capacity utilization until arrival of the first cruise vessel hulls in Norway, while the yards are taking on repair, conversion and upgrading works in the interim. A key contract for two ferries was secured for Vard Brevik, ensuring continued operations at the yard. In contrast, the Group is seeing generally high workload in engineering and procurement for the new projects in the cruise segment. Here, a fruitful cooperation with Fincantieri has been established.

In Romania, the yards enjoy robust activity with utilization secured through 2018. The construction of 13 out of the 20 Modular Carrier Vessels ("MCVs") for Topaz Energy and Marine at Vard Braila and Vard Tulcea is progressing according to plan. The expansion of facilities at Vard Tulcea is also on schedule, with the extension of a launching barge to accommodate vessels up to 210x49 meters newly completed, and preparations for the installation of a new gantry crane well underway. Faced with a rising workload, management focus has turned to ramping up capacity and building the skills and resource base to support VARD's diversification effort also operationally.

Operations in Vietnam remain stable amid good yard utilization, with work on the seven MCVs under construction at the yard in Vung Tau progressing according to plan. The yard continues to work closely with Vard Tulcea and Vard Braila in sharing best practices and through joint management of this project. The OSCV built for Farstad at the yard has been transferred to Norway for installation of an offshore crane, with delivery of the vessel now imminent.

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In Brazil, operations are improving, though the operating landscape remains challenging. Work at the yard in relation to the remaining two Liquefied Petroleum Gas (“LPG”) carriers for Transpetro and two Pipe-lay Support Vessels (“PLSVs”) for DOF and Technip is in progress. Following the decision to focus all Brazilian shipbuilding activities at Vard Promar, VARD completed a major rightsizing process during the quarter. Total headcount for the Brazilian operations has been trimmed to about 1,500, with a new Senior Vice President appointed to oversee sales and external relations to key stakeholders in Brazil.

In the equipment and solutions business, VARD’s subsidiaries continue to develop new project opportunities in various market segments and geographies. SEANICS recently secured a contract for a complete package of electrically-driven trawl winches and cranes for a trawler to be built for a Greenlandic client in Spain. Vard Marine was recognized for its capabilities when its design for a new Hydrographic/Oceanographic Survey vessel project for the South African Navy was selected together with the preferred bidder, Southern African Shipyards. In the aquaculture business, VARD broadened its product and service portfolio during the quarter, while aligning operations with the recently-acquired industry solution provider, Storvik Aqua. New contracts were secured for several projects, including one fish feed barge, one treatment vessel, and one fish farm operation platform, in addition to several small service vessels.

Continued pursuit to grow order book in new markets

VARD continues to leverage on its strong industry reputation and core competencies to tap on opportunities in new markets. In 2016, the Group has seen success in its diversification efforts, making healthy headway into the market for expedition cruise vessels, with a total of six such vessels contracted during the year and one Lol for an additional vessel signed in early 2017. New project opportunities also arise from the fisheries and aquaculture segments. The Group’s business diversification also includes repair, conversion and maintenance contracts, and the sale of equipment and solutions, including ship designs.

With the first cruise vessels contracted as part of VARD’s new strategy now moving into the production stage, the Group focuses on developing the organization with new skills and resources to support the diversification effort also in operations. Strong cooperation with Fincantieri serves as a source of know-how transfer in the cruise segment.

In the offshore oil & gas market, few newbuilding projects are currently being launched. For now, the Group remains focused on the delivery of its current order book, and on reducing the risks still inherent to the existing offshore project portfolio.

Roy Reite, Chief Executive Officer and Executive Director of VARD, commented, “We are grateful for the success we have seen in our diversification efforts, but we do not take our achievements for granted. In 2017, we remain sharply focused on laying the path for new business development to keep activities at our yards stable. We are fine-tuning our organizational structure to support our new business aspirations, with the objective of maintaining VARD’s strong position as a provider of innovative, customized solutions to the global maritime industry .”

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About VARD

Vard Holdings Limited ("VARD"), together with its subsidiaries (the "Group"), is one of the major global designers and shipbuilders of specialized vessels. Headquartered in Norway and with 9,000 employees, VARD operates nine strategically located shipbuilding facilities, including five in Norway, two in Romania, one in Brazil and one in Vietnam. Through its specialized subsidiaries, VARD develops power and automation systems, deck handling equipment, and vessel accommodation solutions, and provides design and engineering services to the global maritime industry.

VARD's long shipbuilding traditions, cutting-edge innovation and technology coupled with its global operations and track record in constructing complex and highly customized vessels have earned it recognition from industry players and enabled it to build strong relationships with its customers.

VARD was listed on the Main Board of the Singapore Exchange on 12 November 2010. Majority shareholder Fincantieri Oil & Gas S.p.A., a wholly owned subsidiary of FINCANTIERI S.p.A., owns 69.67% in the Group. Headquartered in Trieste, Italy, FINCANTIERI is one of the world's largest shipbuilding groups and has, over its 200 years of maritime history, built more than 7,000 vessels.

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