

Preliminary Annual and Fourth Quarter Results 2006

Karl Erik Kjelstad, President & CEO
Leif Borge, CFO

Color Magic and Liberty of the Seas - meeting in December 2006

Agenda

- **Highlights and key figures** K E Kjelstad
- Financial update L Borge
- Operational update K E Kjelstad
- Q & A Session

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Highlights 2006

- Strengthened position as a leading international shipbuilder
- Project execution: 50 vessels delivered in 2006
- Financial targets achieved
 - EBITDA of NOK 1 443 mill
 - EPS of NOK 46.56
 - NOK 18 per share dividend
- NOK 48 bn in new orders in 2006
 - 68 vessels ordered



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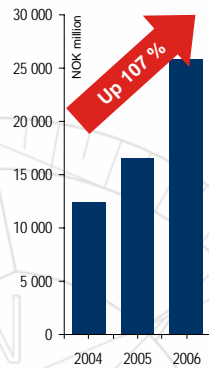
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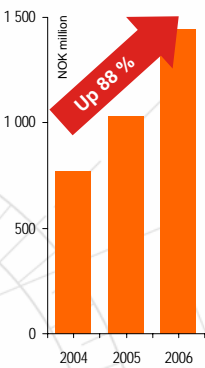
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Creating value over time

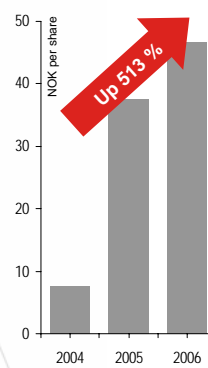
Operating revenues



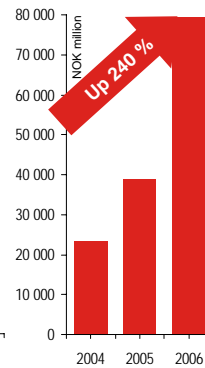
EBITDA



Earnings per share



Order backlog



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Highlights 4Q 2006

Financial highlights

- Profitable growth continues
- Revenues of NOK 7.8 billion
- EBITDA of NOK 401 million
- Order backlog increased to NOK 79 billion

Operational highlights

- Significant integration processes in all three business areas
- HSE step change program starting to deliver results
- Pressure on subcontractors still high

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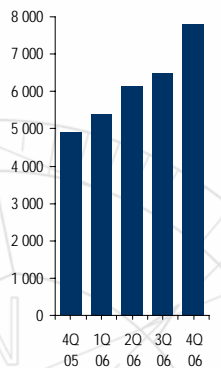
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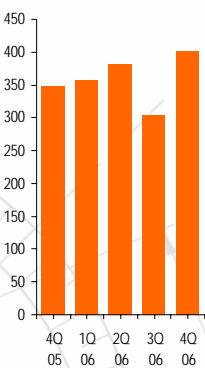
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Key indicators

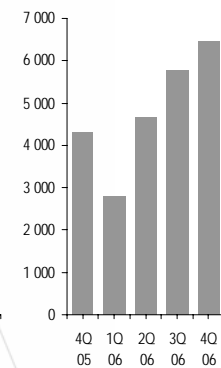
Operating revenues



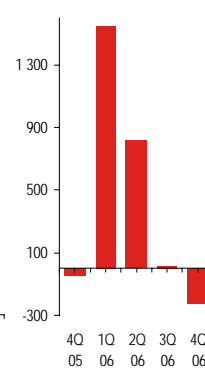
EBITDA



Cash*



Adjusted net working capital**



All amounts in NOK million

* Including short-term interest bearing receivables

** Net working capital + restricted cash

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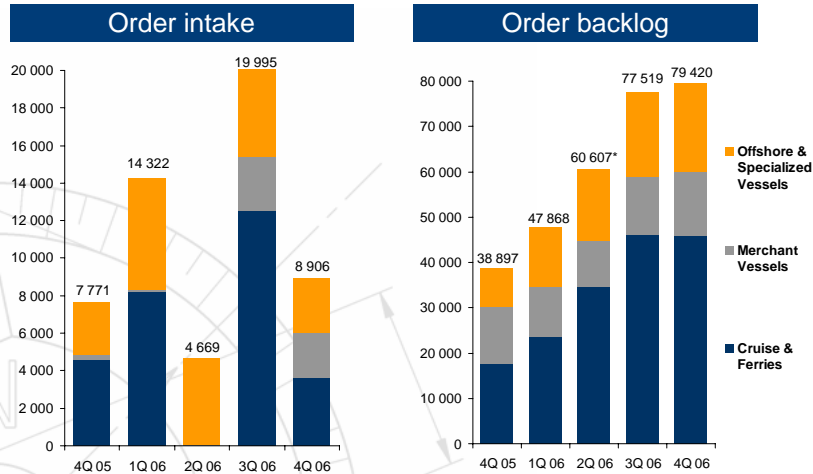
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Order intake and backlog



All amounts in NOK million
 * NOK 14 billion was added from the acquisition in France at closing 31 May 2006

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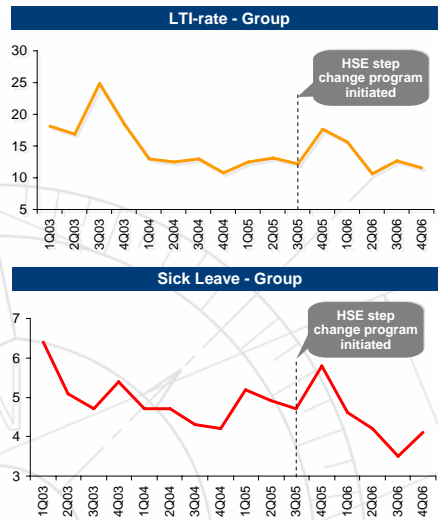
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Health, Safety and Environment (HSE)



- Fatal accident in Wismar in December
- Lost Time Incidents (LTI) of 12 - down from 18 in 4Q 2005
- Line management involvement
- Safety award to Aker Yards, Saint-Nazaire for best HSE improvements in 2006

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LTI rate = Number of Lost Time Incidents per 1,000,000 manhours



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Profit and loss statement

2005	2006	Amounts in NOK million	4Q 05	1Q 06	2Q 06	3Q 06	4Q 06
16 607	25 861	Operating revenues	4 897	5 397	6 144	6 505	7 815
-15 583	-24 425	Operating expenses	-4 553	-5 040	-5 767	-6 202	-7 416
1 029	1 443	EBITDA	348	357	382	304	401
6.2	5.6	EBITDA-margin (in %)	7.1	6.6	6.2	4.7	5.1
765	1 081	EBITA	281	292	305	204	281
756	1 057	EBIT before non recurring items	277	290	303	202	263
-68	297	Impairment of goodwill / recognition of neg. goodwill	-68	0	0	0	297
0	-109	Other non recurring items	0	0	0	0	-109
680	1 245	EBIT	209	290	303	202	452
-1	-72	Net financial items	-23	1	-22	-25	-27
25	54	Share of profit from ass. comp	6	16	6	-1	33
704	1 227	Profit before tax	192	307	287	176	459
73	-190	Tax	192	-86	-68	-64	28
777	1 037	Profit after tax	384	221	219	111	486
37.50	46.56	Earnings per share, NOK	18.50	10.39	9.29	5.10	21.77

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One-off items in Q4

- **Amortization of goodwill:**
 - Recognition of negative goodwill (badwill) in France of NOK 379 mill
 - Impairment of goodwill in Aker Yards Florø of NOK 28 mill
 - Impairment of goodwill / reallocation from goodwill to deferred tax asset in Aker Yards Germany of NOK 54 mill
- **Non-recurring items:**
 - Early retirement provisions of NOK 91 million in Germany, due to change in pension system

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Cash flow

2005	2006	Amounts in NOK million	4Q 05	1Q 06	2Q 06	3Q 06	4Q 06
916	901	Cash flow from operations	315	177	383	328	13
-996	344	Change in working capital	579	-1 633	878	504	595
-80	1 245	Cash Flow from operating activities	894	-1 456	1 261	832	608
-387	374	Cash Flow from investing	-224	-83	612	-212	57
692	579	Cash Flow from financing	992	-27	252	359	-5
225	2 198	Net increase / decrease (-) in cash and cash equivalents	1 662	-1 566	2 125	979	660
-76	135	Effect of FX changes	24	-9	-35	160	19
3 765	3 914	Cash and cash equivalents at beginning of period	2 228	3 914	2 339	4 429	5 568
3 914	6 247	Cash and cash equivalents at end of period	3 914	2 339	4 429	5 568	6 247

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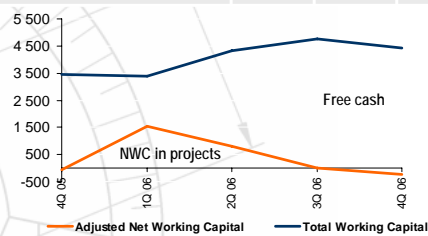
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Working capital

Amounts in NOK million	4Q 05	1Q 06	2Q 06	3Q 06	4Q 06
Current operating assets	9 668	11 556	9 730	11 253	15 882
- Current operating liabilities	-6 927	-7 039	-9 009	-10 010	-13 897
- Construction loans	-3 577	-3 922	-1 050	-2 251	-4 013
= Net working capital	-836	595	-329	-1 008	-2 027
+ Cash and bank deposits *)	3 914	2 339	4 429	5 568	6 247
+ Current interest bearing receivables	383	444	235	210	201
= Total working capital	3 461	3 378	4 335	4 770	4 421
*) Of which restricted cash at end of period	785	951	1 147	1 021	1 806
Adjusted net working capital (NWC + restricted cash)	-51	1 546	818	13	-221



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Net interest bearing liabilities

Amounts in NOK million	4Q 05	1Q 06	2Q 06	3Q 06	4Q 06
Long term interest bearing liabilities	2 241	2 009	3 298	3 750	3 542
+ Short term interest bearing liabilities (excluding construction loans)	139	221	115	163	395
- Long term interest bearing receivables	-168	-200	-208	-219	-241
- Current interest bearing receivables	-383	-444	-235	-210	-201
- Cash and bank deposits	-3 914	-2 339	-4 429	-5 568	-6 247
+ Project related cash	1 037	997	2 121	2 129	3 297
Net interest bearing liabilities	-1 048	244	662	45	545

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Assets

<i>Amounts in NOK million</i>	YE 2005	YE 2006
Property, plant & equipment	2 352	3 469
Goodwill	1 378	1 584
Other intangible assets	21	61
Deferred tax assets	247	553
Associated companies	132	204
Available-for-sale financial assets	36	42
I B long term receivables	168	241
Other long term assets	22	34
Total non-current assets	4 356	6 190
Current operating assets	9 668	15 882
I B short term receivables	383	201
Total receivables and current assets	10 051	16 083
Cash and bank deposits	3 914	6 247
Total current assets	13 965	22 330
Total assets	18 321	28 520

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Liabilities

<i>Amounts in NOK million</i>	YE 2005	YE 2006
Equity	5 037	6 082
Minority interest	46	64
Total equity	5 083	6 146
I B liabilities	2 241	3 542
Deferred tax liability	140	84
Non-current provisions	176	294
Other long term liabilities	38	149
Total non-current liabilities	2 595	4 069
Construction loans	3 577	4 013
Other short term I B liabilities	139	395
Current provisions	280	254
Current operating liabilities	6 647	13 643
Total current liabilities	10 643	18 305
Total equity and liabilities	18 321	28 520

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Example from 2006: Mitigation efforts in a heated suppliers market...



	Contractual delivery	At first indication of delay	First actions taken by Aker Yards	Last ETA as 20.12.06
Main engine I	week x	week x + 16	week x + 5	week x + 3
Main engine II	week x	week x + 16	week x + 6	week x + 4
Main engine III	week x	week x + 16	week x + 8	week x + 5
Main engine IV	week x	week x + 16	week x + 9	week x + 6

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Cruise & Ferries 4th Quarter 2006

- Order backlog of NOK 46 billion
- Strong demand for large cruise vessels
- Ferries margins lower than cruise
- Contract for Stena for two super ferries
- Integration process in Finland and France well under way



Liberty of the Seas
- Returning from successful sea trial

2005	2006	Amounts in NOK million	4Q 05	1Q 06	2Q 06	3Q 06	4Q 2006
5 703	11 178	Operating revenues	1 749	2 156	2 571	2 813	3 638
456	895	EBITDA	136	178	195	251	271
8.0	8.0	EBITDA margin (in %)	7.8	8.3	7.6	8.9	7.4
13 279	24 377	Order intake	4 558	8 221	0	12 523	3 634
17 559	46 097	Order backlog	17 559	23 634	34 489	45 981	46 097



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Cruise & Ferries Order book

Cruise & Ferries		Number of vessels				Sum
		2007	2008	2009	2010	
Post-Panama cruise vessels		1	2	3	1	7
Up to Panamax-size cruise vessels		1	1			2
Cruise ferries		1	1			2
Passenger/cargo ferries (ropax ferries)		3	3		2	8
Smaller ferries			1			1
Sum, Cruise & Ferries						20



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Aker Yards

- builder of the largest cruise vessels in the world

	Name	GT	Delivery	Yard
1	Genesis	220 000	2009	Aker Yards
2	Freedom of the Seas	158 000	2006	Aker Yards
2	Liberty of the Seas	158 000	2007	Aker Yards
2	Independence of the Seas	158 000	2008	Aker Yards
5	NCL NB 1	150 000	2009	Aker Yards
5	NCL NB 2	150 000	2010	Aker Yards
7	Queen Mary 2	142 000	2003	Aker Yards
8	Navigator of the Seas	138 300	2002	Aker Yards
8	Mariner of the Seas	138 300	2003	Aker Yards
10	Voyager of the Seas	137 300	1999	Aker Yards
10	Explorer of the Seas	137 300	2000	Aker Yards
10	Adventure of the Seas	137 300	2001	Aker Yards
13	MSC Fantasia	130 000	2008	Aker Yards
13	MSC Serenata	130 000	2009	Aker Yards
13	Carnival Dream	130 000	2009	Fincantieri
13	Carnival Magic	130 000	2011	Fincantieri



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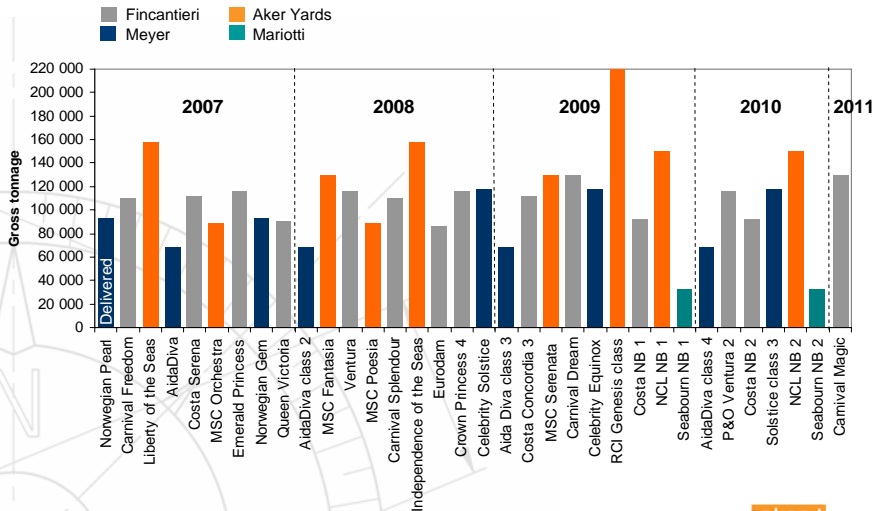
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Global cruise ship order book



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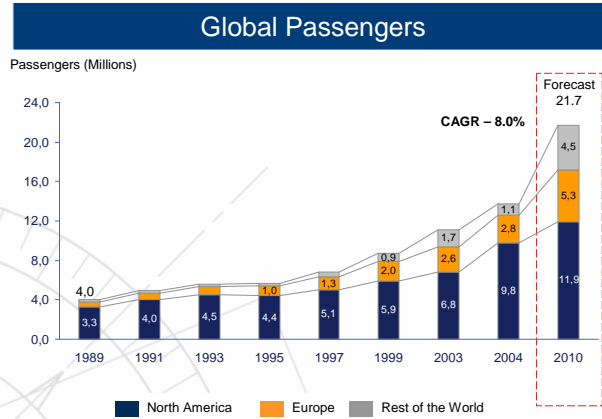
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By 2010:
Global passenger volume forecast to reach 21.7m passengers



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Sources: J.P. Wild, European Cruise Council, Aker Yards Analysis

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German yards

- increasingly important for the Cruise & Ferries business

- Steel structures for:
 - Color Magic
 - Genesis
- Stena Superferries:
 - Designed in Finland
 - Built in Germany



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Merchant Vessels 4th Quarter 2006

- Slightly improved margin
- Shift from container vessels to more specialized vessels under way
- Integration of the new yards initiated – will take time
- Contract with Stolt-Nielsen for building of four chemical tankers



2005	2006	Amounts in NOK million	4Q 05	1Q 06	2Q 06	3Q 06	4Q 2006
4 577	6 460	Operating revenues	1 209	1 393	1 434	1 780	1 853
145	140	EBITDA	46	41	38	23	38
3.2	2.2	EBITDA margin (in %)	3.8	3.0	2.7	1.3	2.0
9 891	5 366	Order intake	281	93	44	2 841	2 388
12 583	13 858	Order backlog	12 583	11 192	10 155	12 930	13 858

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Merchant Vessels Order book

Merchant Vessels		Number of vessels				Sum
		2007	2008	2009	2010	
Container ships		17	8	4		29
Cargo ships		7				7
Chemical tankers		1	2	3		6
Product tankers		5	4			9
Arctic vessels			3	1		4
Sum, Merchant Vessels						55

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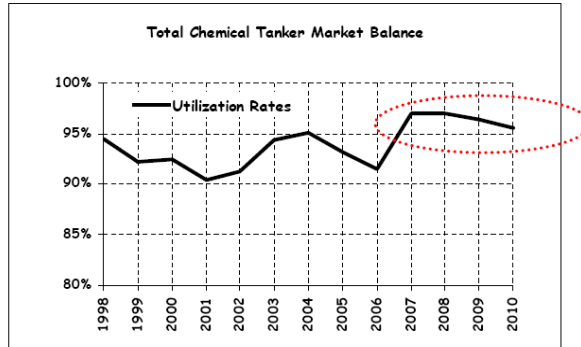
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Chemical tanker market balance



- Positive market outlook due to:
 - Continuous strong trade growth of chemicals and vegetable oils
 - Marpol Annex II regulation boost tonnage demand for higher chemical class tonnages
 - Limited growth of quality tonnage

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Sources: First Securities, Loreitzen & Stemoco



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Offshore & Specialized Vessels 4th Quarter 2006

- Order backlog of 74 ships with a total value of NOK 19.5 billion
- Result still influenced by late deliveries from subcontractors and capacity step up costs
- JV in Vietnam for setting up a new yard announced in January
- Successful first sale of Aker Yards design to external builder



Ferries to Fjord 1

2005	2006	Amounts in NOK million	4Q 05	1Q 06	2Q 06	3Q 06	4Q 06
5 599	7 749	Operating revenues	1 787	1 677	1 889	1 839	2 344
442	583	EBITDA	161	140	142	128	172
7.9	7.5	EBITDA margin (in %)	9.0	8.4	7.5	7.0	7.3
8 587	18 149	Order intake	2 818	5 975	4 606	4 694	2 874
8 595	19 465	Order backlog	8 595	13 015	15 889	18 592	19 465

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Offshore & Specialized Vessels Order book

Offshore & Specialized Vessels		Number of vessels				Sum
		2007	2008	2009	2010	
PSV		16	11	4		31
AHTS		7	7	7	2	23
Specialized vessels		7	9	4		20
Sum, Offshore & Specialized Vessels						74

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Aker Yards establishing a foothold in Asia

Aker Yards is setting up a shipyard in Vietnam
A joint venture between Aker Yards (70 %) and Amanda Group (30 %)



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Location

- Aker Yards Vietnam Ltd. will be located in Vung Tau, 120 kilometres east of Ho Chi Minh City
- Vung Tau is the 12th largest city in Vietnam and the main centre for offshore oil exploration activities in the country
- The province has a good level of infrastructure and good supply of skilled labour



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Strengthens Aker Yards ability to serve customers in the region

- Vietnam offers:
 - Unique combination of cost efficient production
 - Highly skilled workforce
 - Proximity to the important and growing Asian offshore market
- Total investment: USD 23 mill
 - Of which Aker Yards will invest USD 16 mill over a period of three years (70 %)
- The yard will deliver the first vessel in 2009
- Annual capacity of 3-4 vessels when in full operation

The Amanda Group with headquarter in Singapore has a seafood- and industrial division with long experience from operations in Vietnam. The fabrication facilities for the industrial division is located on the premises adjacent to the new shipyard and will support the start-up of the new yard.

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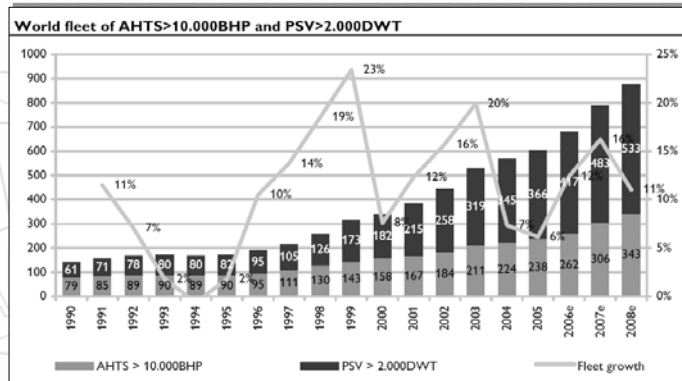
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Increased offshore activity in deeper and harsher waters

- 4-8 % demand growth 2007-10e, but temporarily weaker market balance expected in 2007-08
- By 2009, more than 25% of the current AHTS fleet and 13 % of the PSV fleet will be over 25 years old



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Sources: Carnegie, ODS Petrodata



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Highlights 2006

Strengthened position as a leading shipbuilder

Financial targets achieved

Record high order backlog



Remember!

Aker Yards Capital Markets Day

28 March 2007 at 1200

Oslo Concert Hall

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