



4

TO 31 DECEMBER
2018

INTERIM REPORT

TTS

TTS GROUP ASA

CEO Letter

TTS Group (the "Company" or "TTS") increased the order back log in 2018, and delivered the best EBITDA result since 2015.

Due to the Cargotec transaction, the accounts are presented in accordance with IFRS 5, hence the "Consolidated Statement of Comprehensive Income" represent the continued business (TTS Group ASA and TTS Syncrolift AS), while discontinued business (the activity transferred to Cargotec through the expected transaction), is presented on a separate line as "Profit/loss from discontinued business".

TTS delivered a good performance in 2018, despite of having many market segments close to the bottom in the current market cycle. Hence, the market conditions in many of the key markets remained challenging with hard bid competition, and squeeze on gross margins. In addition, the delay in the expected closing of the Cargotec transaction has an unfavorable influence on the operational performance of the business. Even with the conditions described above, the reported EBITDA of MNOK 80 was nominally the highest since 2015 despite a significant reduced revenue level close to 67% of 2015 revenue.

In addition, the order intake has been on the positive side, and the overall book to bill is 1.3 for 2018 in total. The order backlog of MNOK 2930 is more diverse and solid compared to 2017.

The BU SYS (continued business) results in 2018 was an all-time high. Both revenue and results were higher compared to 2017.

Continued Business (Includes Syncrolift AS and TTS Group ASA)

4Q 2018: The reported EBITDA for the continued business was MNOK 0 for 4Q 2018 compared to MNOK 8 in 4Q 2017. The decrease in EBITDA is mainly due to a higher share of Group costs for the quarter. Revenue decreased with MNOK 6 to MNOK 45, and is mainly related to timing of revenue recognition for the Syncrolift projects. The activity levels in Syncrolift is still high.

Syncrolift secured new orders during the quarter, and the order backlog was MNOK 629 compared to MNOK 458 at the end of 4Q 2017. The order book is near the all-time high.

Full Year 2018: EBITDA was MNOK 20 in 2018 compared to MNOK 11 in 2017. Revenue increased with MNOK 9 to MNOK 220. The increase in revenue and the strong operating performance is related to Syncrolift, which experienced an increase in revenue and margins during 2018. 2017 EBITDA was negatively impacted by a MNOK 5 restructuring cost in TTS Group ASA.

TTS Group Total (Includes both continued and discontinued business)

4Q 2018: TTS reported an EBITDA of MNOK 7 for 4Q 2018 up from a loss of MNOK 2 in 4Q 2017. Revenue increased with MNOK 25 to MNOK 566. The company made a MNOK 24 bad debt provision related to an old project, vs MNOK 24 in 4Q 2017.

The order intake in the quarter was MNOK 591, which was an increase of MNOK 43 from 4Q 2017.

Full Year 2018: The EBITDA margin increased from 2.4% to 3.9%, and EBITDA increased with MNOK 27 to MNOK 80 from 2017, despite a MNOK 118 reduction in revenue to MNOK 2 063. 2018 included MNOK 24 of one-off costs compared MNOK 63 in 2017.

The company's financing facilities were due to expire in January 2019, and therefore prolonged in December 2018. New maturity dates are 1 July 2019 for the banking facilities, and 18 July 2019 for the unsecured bond loan.

Update on the Cargotec Transaction

TTS notified the Oslo Stock Exchange on 27 December 2018 that Cargotec received clearance of the transaction from the Korean competition authorities. The Company is awaiting clearance from the Chinese competition authorities and will complete the transaction after receiving these approvals. The closing is expected to take place by the end of Q1 2019.

Toril Eidesvik, CEO

TTS GROUP Board Report

USE OF ALTERNATIVE PERFORMANCE MEASURES (APM's) IN THE REPORT

TTS is using and referring to Alternative Performance Measures throughout the report. Appendix 3, End Notes, provides definitions of the APM's. Headlines and tables with numbers in square brackets refer to the APM definition with the corresponding number in Appendix 3.

FINANCIAL PERFORMANCE – CONTINUED BUSINESS ^[4]

- 4Q 2018 revenue decreased with MNOK 6 vs 4Q 2017 to MNOK 45.
- 4Q 2018 EBITDA was MNOK 0 vs MNOK 8 in 4Q 2017. The EBITDA was lower in 4Q 2018 mainly due to a higher share of Group costs for the quarter.
- 4Q 2018 earnings before interest and tax (EBIT) were MNOK -1 vs. MNOK 7 in 4Q 2017
- YTD 2018 revenues of MNOK 220 were MNOK 9 higher than in 2017, and EBITDA was MNOK 20 vs. MNOK 11 in 2017. The increase in EBITDA was related to the strong operating performance with higher revenue in BU SYS. YTD 2017 included MNOK 5 of restructuring costs in TTS Group ASA.
- YTD 2018 earnings before interest and tax (EBIT) were MNOK 15 vs. MNOK 2 in 2017

TTS GROUP - Continued Business ^[4]	4Q		Full Year	
MNOK	2018	2017	2018	2017
Revenue	45	51	220	211
EBITDA *	-	8	17	11
EBITDA margin	0,0 %	15,7 %	7,8 %	5,0 %
EBIT	-1	7	15	2
Order intake	11	46	388	351
Order backlog	629	458	629	458
EPS (NOK)	0,01	0,26	0,14	0,09

* YTD 2017 EBITDA includes MNOK 4,8 in restructuring cost.

FINANCIAL PERFORMANCE – TTS GROUP ^[1] (Include continued and discontinued businesses)

- 4Q 2018 revenue of MNOK 566 was an increase of MNOK 25 vs 4Q 2017.
- 4Q 2018 EBITDA of MNOK 7 was a MNOK 9 improvement of the 2017 EBITDA loss of MNOK 2.
- 4Q 2018 earnings before interest and tax (EBIT) were MNOK -10 vs. MNOK -14 in 2017
- 2018 EBITDA increased with MNOK 27 from 2017 to MNOK 80, whilst revenue decreased with MNOK 188 to MNOK 2 063. The 2018 EBITDA was impacted by a MNOK 24 bad debt provision related to an old project, whilst 2017 EBITDA included MNOK 63 in one-off costs related to restructuring and bad debt provisions.
- YTD 2018 earnings before interest and tax (EBIT) were MNOK 34 vs. MNOK 11 in 2017
- 4Q 2018 cash flow from operations was MNOK 96, an increase of MNOK 29 compared to 4Q 2017.

TTS GROUP Board Report

TTS GROUP (Total)	4Q		Full Year	
MNOK	2018	2017	2018	2017
Revenue	566	541	2063	2181
EBITDA *	7	-2	80	53
EBITDA margin	1,2 %	-0,4 %	3,9 %	2,4 %
EBIT	-10	-14	34	11
Order intake	591	548	2625	2267
Order backlog **	2930	2802	2930	2802
EPS (NOK)	-0,57	-0,05	-0,33	-0,39

* 2018 EBITDA includes MNOK 24 in bad debt provision related to an old old contract.

2017 EBITDA includes a restructuring cost of MNOK 50, and MNOK 13 in bad debt provision related to an old contract.

** Order backlog includes 50% of backlog from equity consolidated investments in China.

TOTAL ASSETS AND NET INTEREST-BEARING DEBT ^[2]

Total assets at the end of 4Q 2018 was MNOK 2 351, an increase of 22 MNOK compared to the end of 2017, and an increase of MNOK 172 compared to 3Q 2018. See note 10 for additional information regarding assets and liabilities for discontinued business.

Net working capital at the end of 4Q 2018 was MNOK 21, an increase of MNOK 20 from 3Q 2018 (MNOK 1), and MNOK 10 lower than 4Q 2017.

Net interest-bearing debt at the end of the 4Q 2018 was MNOK 226 (Ref. note 9), an increase of MNOK 30 compared to 3Q 2018, and MNOK 26 higher than 4Q 2017.

Equity at the end of 4Q 2018 was 23.5%. Including the convertible bond debt the equity was 27.4%.

TTS meets the financial covenants related to its debt and bond facilities with Nordea and DNB which mature in July 2019 (Ref. note 9). The covenants are calculated based on alternative performance measures.

ORDER INTAKE AND BACKLOG

Continued Business ^[4]

The order intake for 4Q 2018 was MNOK 11.

The order intake for YTD 2018 was MNOK 388.

The book to bill for 4Q 2018 was 0.3, and 1.9 for the full year, confirming the strong performance in the market during the year. The order backlog at the end of 4Q 2018 decreased with MNOK 30 from 3Q 2018 to MNOK 629. The order back-log is still near all-time high, and will ensure high activity levels well into 2020.

TTS Group Total ^[5]

The order intake for the Group in 4Q 2018 was MNOK 591.

The order intake for the Group New Build was MNOK 462 for 4Q

The order intake for the Group in 2018 was MNOK 2 625

The order intake for the Group New Build in 2018 was MNOK 2 082

The book to bill for New Build (excluding sales from SER) in 4Q 2018 was 1.0, and 1.2 for 2018.

The order backlog* at the end of 4Q 2018 was MNOK 2 930 vs MNOK 2 802 in 4Q 2017. The increase includes the negative impact of a previously reported contract cancellation in BU MPG during 2Q 2018.

Approximately MNOK 1 675 of the order backlog is expected to be turned into revenue in 2019. Expected revenues from BU SER is not included in the Group's reported order backlog.

*including 50% of the order backlog of MNOK 349 (175), from equity consolidated investments in China.

TTS GROUP Board Report

EFFECT FROM CHANGES IN ACCOUNTING PRINCIPLES

The implementation of IFRS 15, which was made effective as of 1 January 2018, has no material impact on continued business (no change in revenue recognition). However, IFRS 15 has material impact on the revenue recognition for the discontinued business (going from over-time to point-in-time revenue recognition). Additional information is presented in Note 11.

The implementation of IFRS 9 effective as of 1 January 2018 has no impact on neither continued nor discontinued business.

TTS Group's management reporting as of 1 January 2018 is based on IAS 11/ IAS 18 revenue recognition principles.

SHIPYARD SOLUTIONS

BU SYS delivered revenues of MNOK 42 and EBITDA of MNOK 6 in 4Q 2018 vs. revenues of MNOK 51 and EBITDA of MNOK 6 in 4Q 2017. Syncrolift continues to perform well. The decrease in revenue and EBITDA is timing and not performance related.

The order book in Syncrolift is still high at year end following an all-time high last quarter, and the activity levels are expected to remain high going forward based on the strong order book, high utilization of resources, and a strong market.

SHIPYARD SOLUTIONS (BU SYS)	4Q		Full Year	
MNOK	2018	2017	2018	2017
Revenue	42	51	218	204
EBITDA	6	6	42	31
EBITDA margin	14,2 %	12,4 %	19,2 %	15,3 %
Order backlog	629	458	629	458

OUTLOOK

Continued Business ^[4]

For BU SYS, the order intake in 2018 was very strong, and the market outlook is good. The ongoing business is running well, and the order backlog will ensure high activity levels into 2020.

TTS Group Total ^[5]

Although the activity levels in the shipbuilding industry was significantly higher than in 2017. The number of new building contracts increased with more than 25%. However, persistent price competition in China and Korea resulted in pressure on margins. The company is positioned to take advantage of the increased activity in the industry, and expect to revert to higher revenue during 2019. The tender activity in the offshore and renewable business have improved throughout 2018. This has resulted in contract awards, which over time should increase revenue and profitability.

The group's financing facilities expire in July 2019. TTS will work towards ensuring that the company has adequate financing in place in case of the unlikely event that the Cargotec transaction should not be consummated.

The Board will propose a special dividend based on the available dividend capacity after the closing of the Cargotec transaction.

FINANCIAL ACCOUNTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME (OCI)

TTS Group ASA 4Q.2018 / 31.12.2018

Consolidated statement of comprehensive income

TTS GROUP

(NOK 1 000)

		Unaudited	Audited	Unaudited	Unaudited
	Note	YTD 31.12.2018	YTD 31.12.2017	4Q 2018	4Q 2017
CONTINUED BUSINESS					
Revenue from projects	11	220 310	211 038	44 927	50 873
Total operating revenue		220 310	211 038	44 927	50 873
Raw materials and consumables used		142 108	137 196	29 207	35 110
Other operating costs		61 201	63 327	16 076	8 079
Result from JV (- is income)		-	-	-	-
EBITDA		17 001	10 516	-355	7 684
Depreciation	7,8	1 887	1 680	514	415
Operating profit (EBIT)		15 113	8 835	-869	7 269
Financial income		15 126	4 676	5 733	-388
Financial expense		16 935	9 284	2 486	-1 258
Net finance		-1 808	-4 608	3 247	870
Profit/loss before tax		13 305	4 228	2 377	8 139
Tax	6	1 490	-3 970	1 177	-14 073
Profit/loss from continued business	4	11 814	8 197	1 200	22 212
DISCONTINUED BUSINESS					
Profit/loss from discontinued business	10	-26 758	-26 330	-36 077	-27 082
Profit/loss for the period		-14 944	-18 132	-34 877	-4 870
Attributable to equity holders of the company	4	-28 593	-33 540	-49 780	-4 523
Attributable to non-controlling interests		13 649	15 408	14 904	-347
NET RESULT FOR THE YEAR					
Net result for the period		-14 944	-18 132	-34 877	-4 870
Currency effects		-15 588	20 490	48 461	37 848
Total comprehensive income		-30 532	2 358	13 584	32 978
Attributable to equity holders of the company		-44 738	-16 421	3 706	28 222
Attributable to non-controlling interests		14 205	18 779	9 878	4 756
Earnings per share (NOK)	4	-0,33	-0,39	-0,57	-0,05
Diluted earnings per share (NOK)		-0,27	-0,39	-0,47	-0,05
Earnings per share - Continued Business (NOK)	4	0,14	0,09	0,01	0,26
Diluted earnings per share - Continued Business (NOK)		0,11	0,08	0,01	0,21

FINANCIAL ACCOUNTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TTS GROUP

(NOK 1 000)		Unaudited YTD 31.12.2018	Audited 31.12.2017
Intangible assets	6, 7	25 020	25 319
Tangible assets	8	13 611	7 322
Total fixed assets		38 631	32 641
Inventories		-	636
Total receivables		42 109	91 951
Bank deposits/cash	9	349 445	261 843
Assets held for sale	10	1 920 304	1 941 413
Total current assets		2 311 859	2 295 843
Total assets		2 350 489	2 328 483
Share capital	3	9 579	9 527
Other equity		348 124	446 551
Non-controlling interests		156 528	151 382
Total equity		514 230	607 460
Provisions		-	-
Long term interest bearing debt	9	-	-
Long term liabilities		-	-
Current interest bearing debt	9	287 445	339 845
Current liabilities		185 221	129 936
Liabilities held for sale	10	1 363 593	1 251 241
Total current liabilities		1 836 259	1 721 023
Total liabilities		1 836 259	1 721 023
Total equity and liabilities		2 350 489	2 328 483

FINANCIAL ACCOUNTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TTS GROUP							
(NOK 1 000)	Share capital	Treasury shares	Share premium	Other equity	Shareholders equity	Non controlling interest	Total equity
Equity as of 1.1.2018	9 526	-12	149 378	297 182	456 074	151 382	607 456
Adjustment of initial application of IFRS 15 (net of tax)				-56 576	-56 576		-56 576
Adjusted equity balance 01.01.2018	9 526	-12	149 378	240 606	399 498	151 382	550 880
Comprehensive income	-	-	-	-44 738	-44 738	14 201	-30 537
Share option cost	-	-	-	531	531		531
New shares issued	54	-	2 347		2 401		2 401
Treasury shares changes	-	11	-	-	11	-	11
Dividend to non-controlling interest	-	-	-	-	-	-9 055	-9 055
Equity Closing balance 31.12.2018	9 580	-1	151 725	196 399	357 703	156 528	514 230

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

TTS GROUP		
(NOK 1 000)	Unaudited	Audited
CONSOLIDATED STATEMENT OF CASH FLOWS	YTD 31.12.2018	YTD 31.12.2017
EBITDA	54 502	53 285
EBITDA - Continued business	17 001	10 516
EBITDA - Discontinued business	37 502	42 769
Change in net current assets**	41 247	14 110
Cash from operations (A)	95 750	67 396
Aquisition and sale of non-current assets	-29 386	-2 551
Proceeds discontinued business ***	-	52 855
Cash from investments (B)	-29 386	50 304
New loans and repayment	-52 400	-30 778
Paid-in equity	2 400	-
Payments to shareholders *	-9 055	-
Net interest paid	-29 991	-31 108
Cash from financing (C)	-89 046	-61 886
Change in cash (A+B+C)	-22 682	55 813
Cash position - Opening Balance	235 973	175 785
Effect of exchange rate changes on cash	32 187	4 375
Cash position - Closing Balance	245 478	235 973

* payment of dividend to minority shareholders in TTS Hua Hai Co.Ltd.

** Includes effects from IFRS 15 implementation of MNOK - 56

*** Proceeds from sale of Liftec Oy

Due to the terms in the asset sale agreement and the Group's financing through the cash pool arrangement, cash pool balances have not been eliminated between continued and discontinued business. This reflects that each company will be responsible for settling the cash pool receivables/liabilities post transaction.

Notes

NOTE 1. GENERAL INFORMATION

Reporting entity

TTS Group ASA is registered and domiciled in Norway, and the head office is located in Bergen.

Due to the Cargotec transaction, the accounts are presented in accordance with IFRS 5, non-current assets held for sale and discontinued operations. Hence the "Consolidated Statement of Comprehensive Income" represents the "continued business" (TTS Group ASA and TTS Syncrolift AS), whilst "discontinued business" (the activity transferred to Cargotec through the expected transaction), is presented on a separate line as "Profit/loss from discontinued business". For the "Consolidated statement of Financial Position", assets, and liabilities relating to the activity expected to be transferred to Cargotec, are presented on a separate line as "Assets held for sale" and "Liabilities held for sale". In the notes to the 4Q Report, the focus is on continued business. For further information, please see note 12 and 13 to the report.

Jointly controlled and associated companies are accounted for using the equity method. 50/50 owned companies, controlled via agreement are fully consolidated.

The annual report 2017 is available at the company website www.ttsgroup.com.

The Board of Directors approved the consolidated financial statements for the year 2017 on the 27 April 2018.

Basis of preparation

TTS Group's financial reports are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The unaudited consolidated financial statements for 4Q 2018 have been prepared in accordance with IAS 34 Interim Financial Statements. The interim accounts do not include all the information required for a full financial statement and should therefore be read in connection with the consolidated financial statements of 2017.

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1. January 2018 (Ref. note 11). The changes in accounting policies are reflected in the Group's consolidated financial statements as at, and for the year ending 31. December 2018.

Except for the changes outlined above, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31. December 2017.

This condensed consolidated 4Q interim report for 2018 was approved by the Board of Directors on 21. February 2019.

Judgements estimates and assumptions

The preparation of the interim report requires the use of judgments, estimates and assumptions that affect the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. Actual future outcome may differ from these estimates.

The consolidated interim financial statements are prepared on the same basis as the consolidated financial statements for the financial year that ended 31. December 2017 with respect to the key assessments made by management regarding the application of the Group's accounting principles, and the key sources of estimation uncertainty.

IFRS 5 Non-current assets held for sale and discontinued business

On 8 February 2018 TTS Group ASA announced that it entered into an asset sale agreement with Cargotec Oyj, and the company therefore decided to present the accounts in accordance with IFRS 5. The criteria for classifying relevant assets and businesses as "held for sale and discontinued business" were met during 4Q 2017. The purpose of IFRS 5 is to specify the accounting for assets held for sale, and the presentation and disclosure of discontinued business.

Notes

A discontinued business is a component of the Group's business, operations and cash flows which can be clearly distinguished from the rest of the Group and which;

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to re-sale

The classification of a discontinued business occurs at the time of disposal or when the business meets the criteria to be classified as held-for-sale, if this instance occurs earlier.

Post-closing of the Cargotec transaction, TTS Group ASA will continue in a new strategic direction, focusing the business around BU SYS. Hence all assets and liabilities which are not a part of or related to BU SYS are classified as held for sale. The financial position and results are presented separately. Since the other BUs' were not previously classified as held-for-sale or as a discontinued business, the comparative consolidated statement of profit & loss and "Other Comprehensive Income" (OCI) have been changed in order to show the discontinued business separately from continued business.

When assets meets the criteria for the assets held for sale classification, the asset value shall be measured at the lower of the carrying amount and fair value less costs to sell. In addition ceases depreciation of such assets.

Fair value is a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the assets and transfer the liabilities which would take place between market participants at the measurement date under current market conditions

Please see further information in note 7 and 8 for the reclassification of assets and liabilities held for sale, and the presentation of revenue and costs for discontinued business.

New standards, amendments and interpretations adopted by TTS:

In addition to IFRS 9 and IFRS 15, a number of other new standards and interpretations, are effective from 1. January 2018, but they do not have a material effect on the Group's financial statements.

IFRS 9 Financial instruments

IFRS 9 replaces the existing guidance in IAS39 and is effective from the annual reporting beginning on or after 1. January 2018. The fair value hedge structure applied by TTS Group for 4Q 2018 is set within the framework of IFRS 9.

TTS has implemented IFRS 9, giving basis for minor changes to the internal hedge documentation process. The implementation has not resulted in, or caused any material change to, or impacted the consolidated financial statements.

IFRS 15 Revenue from contracts with customers

Summary of the requirements:

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers from 1. January 2018.

The effect of applying IFRS 15 is different for continued business vs. discontinued business. For continued business, the implementation of IFRS 15 is not considered to have a material impact compared to the accounting principles applied under IAS 11. For discontinued business, the effect is mainly later recognition of revenue from construction contracts in which TTS has insufficient title to reimbursement if the customer terminates the contract.

The IFRS 15 standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

The Group has adopted IFRS 15 using the cumulative effect method (with practical expedients), with the effect of initially applying this standard recognized at the date of initial application (1 January 2018). Accordingly, the information presented for 2017 has not been restated- i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

Additional information available in note 11.

Notes

New standards, amendments and interpretations not yet adopted by TTS:

IFRS 16 Leases

Summary of the requirements: IFRS 16 principally requires lessees to recognize assets and liabilities for all leases and to present the rights and obligations associated with these leases in the statement of financial position. Going forward, lessees will therefore no longer be required to make the distinction between finance and operating leases that was required in the past in accordance with IAS 17. For all leases, the lessee will recognize a lease liability in its statement of financial position for the obligation to make future lease payments. At the same time, the lessee will capitalize a right of use to the underlying asset which is generally equivalent to the present value of the future lease payments plus directly attributable expenditure. Similar to the guidance on finance leases in IAS 17, the lease liability will be adjusted over the lease term for any re-measurement, while the right-of-use asset will be depreciated, which normally leads to higher expenses at the inception date of a lease. For the lessor, on the other hand, the guidance in the new standard are similar to the existing guidance in IAS 17. IFRS 16 also includes updated guidance on the definition of a lease and its presentation, on disclosures in the notes, and on sale and leaseback transactions.

IFRS 16 will be effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

TTS Group have assessed the potential impact on its consolidated financial statements of applying IFRS 16. TTS will apply the modified retrospective approach on IFRS 16, calculating right to use, and lease liability as per 01.01.2019. When an implicit interest rate is not available TTS will use an incremental borrowing rate. The incremental borrowing rate differ from 3.25% to 6.65% depending on asset description and location.

The lease liability in continued business [4] as per 01.01.2019 is calculated to be close to MNOK 1.

The lease liability in discontinued Businesses [6] is estimated at MNOK 75.

NOTE 2. SEGMENT INFORMATION

TTS Group will, until closing of the Cargotec transaction, report on the following segments:

Continued business:

- Shipyard Solutions (BU SYS)
- TTS Group ASA (ASA)

BU SYS includes ship lift and transfer systems, as well as complete production lines to the yard industry. Product range includes ship lift system, ship transfer systems and service activity.

Discontinued business:

- RoRo/Cruise/Navy (BU RCN)
- Container/Bulk/Tank (BU CBT)
- Offshore (BU OFF)
- Multipurpose/General cargo (BU MPG)
- Services (BU SER)

BU RCN delivers complete cargo handling solutions to RoRo, PCTC, cruise and navy vessels, including terminal loading and passenger systems. Product range includes external and internal ramps, covers and doors, liftable decks, passenger gangways and link span systems.

BU CBT delivers complete cargo handling solutions to the container, tanker and bulk vessels. Product range includes 10-40 t winches, 15-50 t cranes and specialized hatch covers designs.

BU OFF delivers support solutions to the offshore based oil industry and the supporting service industry. Product range includes 15-50 t offshore cranes, 40-400 t active heave compensated cranes, mooring winches, internal and external covers and doors.

BU MPG delivers supporting solutions to the vessels which are designed to operate in the multipurpose or general cargo market, requiring specialized operating capabilities. Product range includes 40-2500 t heavy lift cranes and Leg Encircling Cranes (LEC cranes).

Notes

BU SER includes service and after sales for all segments within TTS. This enables TTS to offer service and after sale worldwide for the full range of its products.

The table below summarize the operations of TTS Group Total [5] without the presentation effects from IFRS 5:

TTS Group Total [5]	4Q 2018			4Q 2017		
	Continued	Discontinued	Total	Continued	Discontinued	Total
Revenue	44 856	515 354	557 539	50 873	490 648	541 520
Income from JV and associated companies 1)	-	2 859	2 859	-	4 765	4 765
Earnings before depreciation, finance and tax (EBITDA)	-355	-26 466	-26 821	7 684	-9 894	-2 210
Depreciation/amortisation*	514	-27 596	-27 082	415	9 668	10 083
Operating profit/loss (EBIT)	-869	1 130	261	7 269	-21 151	-13 882
Net finance	3 247	-30 926	-27 680	870	-4 701	-3 831
Profit/loss before tax	2 378	-29 797	-27 419	8 139	-25 852	-17 713

1) A negative number represents gain. Positive number is losses.

* Assets held for sale have no depreciation according to IFRS5

TTS Group Total [5]	YTD 31.12.18			YTD 31.12.17		
	Continued	Discontinued	Total	Continued	Discontinued	Total
Revenue	220 310	1 639 976	1 857 614	211 038	1 971 564	2 182 602
Income from JV and associated companies 1)	-	1 117	1 117	-	-6 264	-6 264
Earnings before depreciation, finance and tax (EBITDA)	17 001	37 501	54 502	10 516	42 769	53 285
Depreciation/amortisation*	1 887	0	1 887	1 680	39 152	40 832
Operating profit/loss (EBIT)	15 113	37 501	52 614	8 835	2 028	10 863
Net finance	-1 808	-49 562	-51 370	-4 608	-14 105	-18 713
Profit/loss before tax	13 305	-12 060	1 244	4 228	-12 077	-7 850

The table below provide segment information on continued business [4]:

TTS Group - Continued Business [4]	4Q 2018			4Q 2017		
	BU SYS	ASA	Continued	BU SYS	ASA	Continued
Revenue	44 824	32	44 856	51 040	-168	50 873
Earnings before depreciation, finance and tax (EBITDA)	5 977	-6 332	-355	6 344	1 339	7 684
Depreciation/amortisation	220	294	514	246	168	415
Operating profit/loss (EBIT)	5 756	-6 626	-869	6 098	1 171	7 269
Net finance	424	2 823	3 247	1 007	-137	870
Profit/loss before tax	6 180	-3 803	2 378	7 105	1 034	8 139

TTS Group - Continued Business [4]	YTD 31.12.18			YTD 31.12.17		
	BU SYS	ASA	Continued	BU SYS	ASA	Continued
Revenue	220 277	32	220 310	204 347	6 691	211 038
Earnings before depreciation, finance and tax (EBITDA)	41 677	-24 677	17 001	31 300	-20 784	10 516
Depreciation/amortisation	876	1 012	1 887	962	719	1 680
Impairments	-	-	-	-	-	-
Operating profit/loss (EBIT)	40 802	-25 689	15 113	30 339	-21 503	8 835
Net finance	879	-2 687	-1 808	1 007	-5 615	-4 608
Profit/loss before tax	41 681	-28 376	13 305	31 346	-27 118	4 228

Notes

The table below provide segment information on discontinued business [6]:

Discontinued Business [6]	4Q 2018						Discontinued
	BU RCN	BU CBT	BU MPG	BU OFF	BU SER	Other	
Revenue	102 227	239 474	63 157	-19 982	128 941	1 537	515 354
Income from JV and associated companies 1)	-	2 859	-	-	-	-	2 859
Earnings before depreciation, finance and tax (EBITDA)	-32 794	17 187	-18 222	-9 537	14 993	1 908	-26 466
Depreciation/amortisation*	-495	-14 668	-6 093	-4 073	-3 857	1 591	-27 596
Operating profit/loss (EBIT)	-32 299	31 855	-12 129	-5 464	18 849	317	1 130
Net finance	2 404	565	-4 229	-3 748	816	-26 735	-30 926
Profit/loss before tax	-29 895	32 420	-16 358	-9 212	19 665	-26 418	-29 797

1) A negative number represents gain. Positive number is losses.

* Assets held for sale have no depreciation according to IFRS5

Discontinued Business [6]	4Q 2017						Discontinued
	BU RCN	BU CBT	BU MPG	BU OFF	BU SER	Other	
Revenue	104 387	227 209	19 455	32 365	110 355	-3 123	490 648
Income from JV and associated companies 1)	-	4 765	-	-	-	-	4 765
Earnings before depreciation, finance and tax (EBITDA)	8 050	1 462	-12 494	-1 205	1 270	-6 977	-9 894
Depreciation/amortisation*	246	4 955	1 458	1 506	1 338	165	9 668
Operating profit/loss (EBIT)	7 803	-3 493	-13 952	-2 711	-193	-8 606	-21 151
Net Finance	803	-3 780	-1 545	-1 091	913	-	-4 701
Profit/loss before tax	8 606	-7 273	-15 496	-3 802	719	-8 606	-25 852

Discontinued Business [6]	YTD 31.12.18						Discontinued
	BU RCN	BU CBT	BU MPG	BU OFF	BU SER	Other	
Revenue	150 685	684 698	63 157	174 568	543 618	23 251	1 639 976
Income from JV and associated companies 1)	-	1 117	-	-	-	-	1 117
Earnings before depreciation, finance and tax (EBITDA)	-53 043	20 292	-42 842	18 524	76 380	18 191	37 501
Depreciation/amortisation*	-	-	-	-	-	-	0
Operating profit/loss (EBIT)	-53 043	20 292	-42 842	18 524	76 380	18 191	37 501
Net finance	3 298	-3 998	-12 412	-9 522	-193	-26 735	-49 562
Profit/loss before tax	-49 745	16 294	-55 254	9 002	76 187	-8 544	-12 060

Discontinued Business [6]	YTD 31.12.17						Discontinued
	BU RCN	BU CBT	BU MPG	BU OFF	BU SER	Other	
Revenue	298 425	896 638	126 870	142 238	507 879	-485	1 971 564
Income from JV and associated companies 1)	-	-6 263	-	-	-	-	-6 263
Earnings before depreciation, finance and tax (EBITDA)	4 872	77 237	-62 449	-15 764	27 260	11 613	42 769
Depreciation/amortisation*	1 385	20 022	6 033	6 000	4 749	963	39 152
Operating profit/loss (EBIT)	3 487	57 215	-68 482	-21 764	22 385	9 187	2 028
Net finance	4 906	-4 790	-7 844	-4 849	-1 528	-	-14 105
Profit/loss before tax	8 392	52 425	-76 325	-26 613	20 857	9 187	-12 077

NOTE 3. SHARE CAPITAL

As per 31 December 2018 TTS Group ASA has issued 87 088 555 shares, each with a face value of NOK 0.11, and a share capital of total NOK 9 579 741. TTS has issued 482 895 new shares in 2018, of which 60 362 in 4Q, through conversion of bonds, with an increase in the share capital of NOK 53.118, and increase in share premium capital of NOK 2.346.882.

In October 2018 the CFO of TTS Group ASA exercised 106.250 share options at a strike price of 3.43. The shares was sold in November at 6.4151. At year end the CFO of TTS Group ASA holds 63.750 share options and 0 shares.

As per 31.12.2018 senior employees' hold a total of 823 750 share options with a strike price of NOK 3.43. The options were awarded in 2Q 2017.

After sale of 106.250 treasury shares in October 2018, TTS Group ASA holds 6 632 own shares.

At 30.12.18 there are 18 298 793 conversion rights related to the subordinated convertible bond with a conversion value of 4.97.

Notes

NOTE 4. EARNINGS PER SHARE

Earnings per share (EPS) is based upon the weighted average number of shares outstanding during the period. Diluted EPS includes the effect of the assumed conversion of potentially dilutive instruments. Instruments that have a positive intrinsic value have been included in dilution effects.

Earnings per share	YTD 31.12.2018	YTD 31.12.2017	4Q 2018	4Q 2017
Net income available to shareholders - Continued Business	11 814	8 197	1 200	22 212
Effect of dilution	-	-	-	-
Diluted net income available to shareholders	11 814	8 197	1 200	22 212
Net income available to shareholders	-28 593	-33 540	-49 780	-4 523
Effect of dilution	-	-	-	-
Diluted net income available to shareholders	-28 593	-33 540	-49 780	-4 523
Weighted average number of shares outstanding	87 089	86 493	87 089	86 493
Effect of dilution	19 217	19 939	19 217	19 939
Diluted numbers of shares**	106 306	106 545	106 306	106 545
Earnings per share (NOK) continued business	0,14	0,09	0,01	0,26
Diluted earnings per share (NOK) continued business*	0,11	0,08	0,01	0,21
Earnings per share (NOK)	-0,33	-0,39	-0,57	-0,05
Diluted earnings per share (NOK)	-0,27	-0,39	-0,47	-0,05

*For EPS calculation of TTS Group total, the effect of stock options and convertible loan is anti-dilutive, hence no effect on calculation of Diluted earnings per share (NOK)

**The weighted-average number of ordinary shares (diluted) is only relevant for continuing business. For the total group, the conversion rights are anti-dilutive.

Sales expenditures of MNOK 26.8 related to the expected MacGregor transaction is allocated as part of the profit from discontinued business.

Closing share price at Oslo Stock Exchange

31 December 2018	NOK 6,42
30 September 2018	NOK 6,54
30 June 2018	NOK 6.30
31 March 2018	NOK 6.34
31 December 2017	NOK 4.20
31 December 2016	NOK 3.78

NOTE 5. RELATED PARTIES

Note 21 and the accounting principles presented in the 2017 Annual Report, Consolidated Financial Statements Section 2.2, describe the principles related to elimination of transactions between group subsidiaries. Eliminated transactions have no significance for the financial position and profit for the period.

The Group has carried out various transactions with subsidiaries and joint ventures. All the transactions have been carried out as part of the ordinary operations and at arm's length principles. The material part of related party transactions is in the discontinued business.

Please see note 10 for further information on classification, elimination and presentation of continued vs. discontinued business.

Notes

NOTE 6. TAX

TTS Group can be liable for tax in more than one jurisdiction due to the global nature of its business. A loss in one jurisdiction may not be offset against taxable income in another jurisdiction. Thus, the Group may pay tax in one or more jurisdictions, even though it might have an overall loss or have tax losses exceeding taxable profit at the consolidated level.

Deferred tax

Deferred income tax reflects the impact of temporary differences between the amount of assets and liabilities recognized for financial purposes, and such amounts recognized for tax purposes. The net recognized deferred tax consist of the following components:

Deferred tax:

(NOK 1000)	31.12.2018	31.12.2017
Gross deferred tax asset	18 939	18 845
Gross deferred tax liability		
Net deferred tax asset (+) / liability (-)	18 939	18 845

1) Changes in tax rates in Norway from 24% to 23% have reduced the gross deferred tax assets per 01.01.2018. As deferred tax assets from Norwegian companies are not recognized, the change has no effect on the 2018 tax cost.

Recognized deferred tax asset relates to tax losses in the Norwegian companies. The criteria applied to estimates for the utilization of tax losses against future taxable profit are unchanged in 4Q 2018.

Tax cost recognized in continued business [4] as per 31.12.2018 relates to withholding taxes paid on sales fees received from a joint venture company in China.

Tax cost recognized in continued business [4] as per 31.12.2017 relates to a re-estimate of tax assets and expected future taxable profits for TTS Group ASA.

NOTE 7. GOODWILL AND OTHER INTANGIBLE ASSETS

TTS Group tests the value of goodwill and other intangible assets annually or at the end of each reporting period if there is any indication that the assets may be impaired.

TTS shares are freely traded at Oslo Stock Exchange. The closing price of the last trading date in December 2018 was NOK 6.42 per share, indicating a nominal trade value of TTS of MNOK 559.

Book value of equity at 31 December 2018 was MNOK 186 excluding minority interest.

As a result of the process that ended with the signing of the asset sale agreement with Cargotec, TTS Group reclassified the divested activities, assets and liabilities to discontinued operations and assets/liabilities held for sale during 4Q 2017. Immediately before the initial classification of the asset as held for sale, the carrying amount of the asset shall be measured in accordance with IAS 36 Impairment of Assets. The standard states that an asset is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and its value in use. The fair value approach is based on the expected transaction price less cost of sale of the disposal group sold to Cargotec. The company has reviewed both assets related to continued business as well as the assets related to discontinued business. Based on the assessment, TTS Group has concluded that the recoverable amount based on a fair value less cost of disposal is higher than the carrying amount, resulting in no impairment on assets prior to reclassification to assets held-for-sale.

Overview of goodwill and other intangible assets (excl. deferred tax asset) are as follows:

Notes

Changes in goodwill and other intangible assets:

	Goodwill		Other intangible assets	
(NOK 1000)	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Net book value - Continued Business - Opening Balance	-	575 798	6 473	104 283
Net book value - Discontinued Business - Opening Balance	583 974	-	73 098	-
Divestment	-	-21 807	-	-757
Depreciations/Amortizations	-	-	-392	-23 502
Impairment	-	-120	-	-
Foreign currency differences	-3 688	30 103	-733	-453
Net book value - Discontinued Business - Closing Balance	580 286	-583 974	-72 365	-73 098
Net book value - Continued Business - Closing Balance	-	-	6 081	6 473

NOTE 8. NON-CURRENT ASSETS

Changes in non-current assets:

(NOK 1000)	31.12.2018	31.12.2017	31.12.2017
Net book value - Continued Business - Opening Balance	7 322	94 338	94 338
Net book value - Discontinued Business - Opening Balance	73 591	-	-
Divestment	-	-2 127	-2 127
Additions (TTS Group)	29 386	1 103	2 551
Depreciations/Amortizations	-1 887	-8 436	-16 796
Impairment	-	-	-1 113
Foreign currency differences	-16 302	4 950	4 060
Net book value - Discontinued Business - Closing Balance	-78 499	-	-73 591
Net book value - Continued Business - Closing Balance	13 611	89 828	7 322

NOTE 9. FINANCIAL RISK MANAGEMENT

The Group's objectives and principles of financial risk management are consistent with what is stated in the consolidated financial statements for the fiscal year 2017. In accordance with the company's financing agreements, the covenant calculations in 2018 are based on IFRS accounting principles as per 31.12.2017.

On 11 December 2018, the bondholders agreed to an extension of the subordinated debt until 18 July 2019. The TTS General Assembly approved the extension on 14 December 2018. The parties agreed to an extension fee of 0.25%. Other terms and conditions remained unchanged.

During 2018 bondholders have converted bonds of MNOK 2.4 into 482 895 new shares, of which bonds of MNOK 0.3 were converted into 60.362 new shares during 4Q 2018. As per 31.12.2018 the conversion price of the convertible bond loan is 4.97/share. The remaining nominal value of the bond debt is MNOK 90.945 giving rights to 18.298.793 new shares if all rights are converted.

On 13 December 2018, TTS entered into an extension of its financing agreements with Nordea and DNB on its credit and guarantee facilities moving the expiry date from 1 January 2019 to 1 July 2019. The parties agreed to an extension fee of MNOK 0.6. Other terms and conditions remained unchanged. The completion of the asset sales agreement between TTS and Cargotec requires settlement of the debt at the time of closing of the transaction. The lenders have approved the transaction subject to repayment. The parties will subsequently ensure that liens and securities are released post-closing.

The credit facility as per 01.01.2019 the agreement totals MNOK 1 073, consisting of:

- MNOK 173, term loan facility (DNB) (Installment of MNOK 6.25 per quarter in 2019)
- MNOK 100, term loan facility (Nordea) (Installment of MNOK 6.25 per quarter in 2019)
- MNOK 200, multi-currency overdraft facility (Nordea)
- MNOK 600, guarantee facility (Nordea MNOK 465, DNB MNOK 135)

At the end of 4Q 2018, TTS Group has drawn MNOK 134 of the total MNOK 173 loan facility with DNB. TTS has drawn MNOK 220 of the total MNOK 300 debt facility with Nordea.

Notes

During 2018 TTS Group made total instalments to DNB and Nordea of MNOK 50.

At the end of 4Q 2018 TTS Group meets the set covenants.

Debt covenants are:

Bank loan covenants	1Q 2018 - 2Q 2019
NIBD* / EBITDA** maximum	3,00
Equity*** minimum	25 %
Minimum liquidity reserve	MNOK 50

* NIBD = Net interest bearing debt, excluding subordinated convertible bond loan, and including 50% of cash from 50% owned companies

** EBITDA from 100% owned companies + 50% of EBITDA from 50% owned companies, adjusted for one-time effects, including impairment, restructuring, gains from sale of businesses and changes of accounting regulations

*** Equity, including subordinated convertible bond loan

Calculation of NIBD/ EBITDA covenant	
	31.12.2018
<i>Calculation of NIBD for covenant measures (MNOK)</i>	
Calculated NIBD from TTS Group (Included discontinued business)	-226
+ Add back nominal value of Subordinated Convertible Bond agreement	91
- Deduction of reported NIBD from 50/50 owned companies	-170
+ Add back 50% of NIBD from 50/50 owned and equity consolidated companies	117
Adjusted NIBD for covenant calculation	-188
<i>Calculation of EBITDA for covenant measures (MNOK)</i>	
Rolling 12 month reported EBITDA in TTS Group (APM)	80
- Deduction of reported EBITDA-effects from 50/50 owned companies	-48
+ Add back 50% of EBITDA in 50/50 owned and equity consolidated companies	24
+/- Adjustment of one time effects on reported EBITDA - rolling 12 months	24
Adjusted EBITDA for covenant calculation	80
NIBD/ EBITDA calculation	2,37

An overall description of debt facilities, and additional information regarding financial risk management is available as part of the notes to the 2017 Annual Report.

Information on debt in discontinued business.

TTS Korea has drawn MNOK 28 of MNOK 34 related to its credit facility with Kookmin Bank in Korea. The debt is included in liabilities held for sale.

Covenant calculation is based on TTS Group Total [please refer to appendix 3 item 1 and 5].

The group's financing facilities expire in July 2019. TTS is working to ensure that the company has adequate financing in place in case of the unlikely event the transaction is not completed.

Notes

NOTE 10 DISCONTINUED BUSINESS [6] - DISPOSAL GROUP HELD FOR SALE

Reference is made to note 1 and 12 in the 2017 Annual Report with regard to the basis for reclassification of held-for-sale and discontinued business.

During Q4 2017 TTS Group reclassified major parts of the business, the disposal group, as discontinued business. The basis for this reclassification was the Cargotec agreement announced 8 February 2018. TTS Group will continue under the new name Nekkar ASA in a new strategic direction, initially concentrating the business around BU SYS. The transaction is an asset sale. Accordingly, the majority of the group's assets and liabilities is presented as a disposal group held for sale. The transaction is expected to be completed during 1Q 2019.

The disposal group is classified as held-for-sale or as discontinued business. The comparative consolidated statement of profit or loss and OCI have been amended to show the discontinued business separately from continued business.

Prior to reclassification to assets and liabilities held for sale, an impairment assessment was performed. For further information, see note 7.

The principles for the reclassification to discontinued business has been as follows;

- All revenue and expenses from legal entities included in the Disposal Group have been reclassified.
- Revenue and cost directly attributable to activities in the disposal group but performed within the legal entities that forms the basis for continued business, are allocated to discontinued business.
- Revenue and cost directly attributable to activities in the continued business, but performed within the legal entities that forms the basis for the discontinued business, are allocated to continued business.
- Since transactions between continued business and discontinued business are expected to cease when the transaction with Cargotec is completed, intercompany transactions are eliminated.
- Intercompany interest related to cash pool arrangement is not eliminated based on the accounting of the cash pool arrangement.
- Interest from bank loans and bond loan have been allocated to the disposal group due to the fact that these loans have funded these businesses, and that the loans will be repaid as part of the transaction.
- All assets and liabilities from the legal entities included in the disposal group have been reclassified.
- Since transactions between continued and discontinued businesses are expected to cease when the transaction with Cargotec is completed, all intercompany balances are eliminated.
- Due to the terms in the asset sale agreement, the group's financing through the Cash Pool arrangement, Cash pool balances have not been eliminated between continued and discontinued business because each company will be responsible for settling the cash pool receivables/liabilities post transaction.

TTS GROUP - Discontinued Business

(NOK 1 000)	Unaudited YTD 31.12.2018	Audited YTD 31.12.17	Unaudited 4Q 2018	Unaudited 4Q 2017
Results of discontinued business				
Revenue	1 639 976	1 971 564	515 283	490 648
Expenses	1 649 365	2 002 047	545 079	522 228
Results from operating activities	-12 061	-30 483	-29 796	-31 580
Income tax	14 698	14 253	6 281	1 230
Results from operating activities, net on tax	-26 759	-44 736	-36 077	-32 810
Gain on sale of discontinued business		18 406		5 728
Profit (loss) from discontinued business, net of tax	-26 759	-26 330	-36 077	-27 082
Basic earnings (loss) per share	-0,31	-0,30	-0,42	-0,31
Diluted earnings (loss) per share	-0,25	-0,30	-0,34	-0,31

Notes

TTS GROUP

Assets and liabilities of disposal group held for sale

At 31 December 2018, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

(NOK 1 000)	Unaudited 31.12.2018	Audited 31.12.2017
Intangible assets	650 927	679 704
Tangible assets	122 497	82 229
Financial assets	34 679	37 198
Inventories	101 742	165 917
Trade and other receivables	768 609	741 343
Bank deposits/cash	241 849	235 022
Assets held for sale	1 920 304	1 941 413
Provisions	44 544	47 300
Long term interest bearing debt	287 431	343
Current interest bearing debt	243 225	364 390
Current liabilities	788 393	839 209
Liabilities held for sale	1 363 593	1 251 241

NOTE 11 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

IFRS 15 Revenue from contracts with customers

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

The effect of applying IFRS 15 to the continued business is different from the discontinued business. For continued business, the implementation of IFRS 15 is considered not to have a material impact compared to the accounting principles applied under IAS 11. For discontinued business, the effect is mainly deferred recognition of revenue from construction contracts in which TTS has insufficient title to reimbursement if the customer terminates the contract.

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Group has adopted IFRS 15 using the cumulative effect method (with practical expedients), with the effect of initially applying this standard recognized at the date of initial application (1 January 2018). Accordingly, the information presented for 2017 has not been restated- i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

Contracts with customers

TTS Group Total [5] is a complex group with subsidiaries or branch offices in 13 countries with several different revenue streams. For each of the different business units a 5-step analysis of the contract structure has been performed in accordance with IFRS 15, to ensure correct revenue recognition. The 5-step analysis includes the following assessment;

Step 1: Identify the contract with the customer

Notes

All revenue streams within TTS Group Total [5] are based on written and approved agreements between the parties involved in the contract. The contract includes each party's rights relating to the contract, transaction price, payment terms etc.

Step 2: Identify the performance obligations in the contract

A typical TTS Group Total [5] contract consist of one or few performance obligations that is clearly defined in the customer contract. For some contracts in BU CBT there are series production that consist of several performance obligations.

Step 3: Determine the transaction price

The written agreement includes the terms of the contract and transaction price. The transaction price is normally a fixed price with few variable consolidations.

Step 4: Allocate the transaction price to the performance obligations in the contract

Since the contracts specifies the transaction price, and normally has one or few performance obligations, the allocation of price to performance obligations is normally specified in the contracts. For those performance obligations where price is not specified in the contract, an estimate is made based on costs plus a reasonable margin.

Step 5: Recognize revenue when (or as) each performance obligation is satisfied

Revenue recognition varies between the different business units and contracts. In the table below is a summary of the different BU's and method for revenue recognition. This is based on an analysis performed in connection with the implementation of IFRS 15. The analysis shows that implementation of IFRS 15 has different implication on the different revenue streams for TTS Group Total [5]. The business units are divided in continued [4] and discontinued business [6].

TTS GROUP			
Business Unit	Type of contract	Revenue recognition	Effect on revenue recognition compared to previous GAAP
Continued Business			
BU SYS	Engineer-to-order Services	"Over time" "Point in time"	Unchanged revenue recognition Unchanged revenue recognition
Discontinued Business			
BU CBT	Configure-to-order	"Point in time"	Unchanged revenue recognition
BU RCN	Engineer-to-order	"Point in time"	Changed – delayed revenue recognition
BU MPG	Engineer-to-order	"Point in time"	Changed – delayed revenue recognition
BU OFF	Engineer-to-order	"Point in time"	Changed – delayed revenue recognition
BU SER	Service activity	"Point in time"	Unchanged revenue recognition

In the following there is an overview of the different contract types within TTS Group (Total), including identification of business units and differences between the contract types that leads to different revenue recognition.

Construction contracts – over time revenue recognition

BU SYS has long term construction contracts with a typical duration of 18-48 months from contracts are signed, to the projects are closed. These projects are engineer-to-order projects, which delivers highly customized turnkey systems for shipyards around the world. The projects are highly specialized systems for each individual project, with no alternative use for the company, where each project is considered to be one performance obligation.

After a thorough 5-step analysis of all open contracts within BU SYS, the main issue relating to timing of revenue recognition was TTS' enforceable right to payment for the performance completed to date in a situation with termination. TTS has assessed the right to payment to date both from an accounting perspective and from a legal point of view, and the conclusion is that the relevant contract either includes a termination by convenience clause that is in favor of TTS Group, or that general legal basis in the relevant jurisdiction is in favor of TTS Group with respect to profit coverage in a situation of a termination. Based on this it is the company's assessment, that

Notes

revenue recognition over time is correct for these contracts. Revenue is recognized based on a percentage of completion method, using cost-over-cost as measure of progress for the various performance obligation. IFRS 15 did not have a significant impact on the Group's accounting policies for this category of construction contracts.

Construction contracts – point in time revenue recognition

Other business units defined as discontinued business, and typical holds customer contracts with duration of 6-30 months with customized equipment for different industries. The 5-step analysis of open contracts for the business units under discontinued business is performed. These contracts do not ensure an enforceable right to payment for the performance completed to date upon termination, hence revenue recognition follows the principle rule for recognition point in time for these revenue streams. For these contracts, the control of the asset is transferred to the customer upon delivery, and revenue is recognized at this point. This resulted in a change in timing of revenue recognition for BU RCN, BU MPG and BU OFF.

Under IAS 11, revenue was recognized over time using the percentage of completion method, provided that the revenue and costs could be measured reliably, and the recovery of the consideration was probable. For these products revenues is recognized significantly later under IFRS 15 than under IAS 11 because it is recognized at delivery.

Contracts for delivery of predesigned products (configure-to-order) – point in time revenue recognition

These contracts are relevant for BU CBT that is a part of discontinued business. The contracts deliver complete cargo handling solutions to container, tanker and bulk vessels. Products delivered from the BU are considered to be on a configure-to-order basis, and consist of production of series of defined products, which satisfies IFRS 15.22 criteria for series of distinct goods that are substantially the same and have the same pattern of transfer to the customer. Lead time from order until completed delivery may vary from 9-18 months, however lead time from production start-up until product available for customer delivery is normally less than 6 months. Products delivered from BU CBT are typically standard products with an alternative use for the company. Revenue from the BU is recognized at point-in-time basis according to IFRS 15.

IFRS 15 did not have a significant impact on the Group's accounting policies for contracts for delivery of predesigned products (configure-to-order)

Service contracts and after-sales – point in time revenue recognition

TTS has defined service as a separate business unit, BU SER, which includes service and after sales for all discontinued segments and business units within TTS. BU SER is a part of discontinued business. Deliveries from the service-based business are configure-to-order projects, where work is done on the customers equipment, and are considered over time deliveries. Lead time from order to completed customer delivery is normally less than three months. For after sales (sale of spare parts), revenue is recognized upon delivery.

IFRS 15 did not have a significant impact on the Group's accounting policies service contracts and after-sales.

The following table summarises the impact, net of tax, of transition to IFRS 15 on other equity at 1 January 2018.

TTS GROUP	
(NOK 000)	Impact of adopting IFRS 15 at 1. January 2018
Construction contracts recognised at point-in-time	-64 515
Calculated tax effects	7 939
Impact on equity at 1 January 2018	-56 576

NOK 0 of the impact on other equity at 1 January 2018 relates to continued business, whereas MNOK 56,576 relates to discontinued.

Notes

Impact on the condensed interim consolidated statement of profit or loss and OCI from IFRS 15

(NOK 000)

Continued business YTD 31.12.2018

	YTD 4Q18 Based on IFRS 15	- IFRS15 adjustments 4Q/18	- IFRS15 adjustments 3Q/18	- IFRS15 adjustments 2Q/18	- IFRS15 adjustments 1Q/18	YTD 4Q18 based on APM
External revenue	220 310	-	-	-	-	220 310
Group revenue	220 310	-	-	-	-	220 310
Raw materials and consumables used	142 108	-	-	-	-	142 108
Other operating cost	61 201	-	-	-	-	61 201
Income from JV and associated companies	-	-	-	-	-	-
Earnings before depreciation, finance and tax (EBITDA)	17 001	-	-	-	-	17 001
Depreciation/amortisation	1 887	-	-	-	-	1 887
Impairments	-	-	-	-	-	-
Operating profit/loss	15 113	-	-	-	-	15 113
Financial income	15 127	-	-	-	-	15 127
Financial cost	16 935	-	-	-	-	16 935
Net finance	-1 808	-	-	-	-	-1 808
Profit/loss before tax	13 304	-	-	-	-	13 304
Income tax expense	1 490	-	-	-	-	1 490
Profit from continued business	11 814	-	-	-	-	11 814
Profit from discontinued business	10 -26 758	-33 435	2 873	1 658	5 249	-3 104
Profit for the period	-14 945	-33 435	2 873	1 658	5 249	8 710
Total comprehensive income for the period	-14 945	-33 435	2 873	1 658	5 249	8 710

Discontinued business (Assets held for sale) - 31.12.2018

	YTD 4Q18 Based on IFRS 15	- IFRS15 adjustments 4Q/18	- IFRS15 adjustments 3Q/18	- IFRS15 adjustments 2Q/18	- IFRS15 adjustments 1Q/18	YTD 4Q18 based on APM
External revenue	1 639 976	-8 531	-144 590	33 390	-85 210	1 844 917
Group revenue	1 639 976	-8 531	-144 590	33 390	-85 210	1 844 917
Raw materials and consumables used	1 009 282	24 904	-147 463	31 732	-88 868	1 188 977
Other operating cost	592 075	-	-	-	-	592 075
Income from JV and associated companies	1 117	-	-	-	-	1 117
Earnings before depreciation, finance and tax (EBITDA)	37 502	-33 435	2 873	1 658	3 658	62 748
Depreciation/amortisation	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
Operating profit/loss	37 502	-33 435	2 873	1 658	3 658	62 748
Financial income	13 112	-	-	-	-	13 112
Financial cost	62 674	-	-	-	-	62 674
Net finance	-49 562	-	-	-	-	-49 562
Segment profit/loss before tax	-12 060	-33 435	2 873	1 658	3 658	13 186
Income tax expense	14 698	-	-	-	-1 592	16 290
Profit for the period from discontinued business	-26 758	-33 435	2 873	1 658	5 250	-3 104

Segment information - Discontinued business YTD 31.12.18

	YTD 4Q18 Based on IFRS 15	- IFRS15 adjustments 4Q/18	- IFRS15 adjustments 3Q/18	- IFRS15 adjustments 2Q/18	- IFRS15 adjustments 1Q/18	YTD 4Q18 based on APM
BU RCN						
Revenue	150 685	12 808	-103 418	-25 382	-78 975	345 652
EBITDA	-53 043	-24 476	-4 981	-5 017	-7 237	-11 332
BU CBT						
Revenue	684 698	-	-	-	-	684 698
EBITDA	20 292	-	-	-	-	20 292
BU MPG						
Revenue	63 157	31 304	-41 884	-25 467	-18 993	118 197
EBITDA	-42 842	-2 562	-7 333	-2 257	-4 099	-26 591
BU OFF						
Revenue*	174 568	-52 643	712	84 239	12 758	129 502
EBITDA	18 524	-6 397	15 187	8 932	14 994	-14 192
BU SER						
Revenue	543 618	-	-	-	-	543 618
EBITDA	76 380	-	-	-	-	76 380
OTHER						
Revenue	23 251	-	-	-	-	23 251
EBITDA	18 192	-	-	-	-	18 192

*Correction 4Q allocation for prior periods.

Notes

NOTE 12. SUBSEQUENT EVENTS

Major events reported to Oslo Stock Exchange after 31 December 2018

- TTS reported on 2 January 2019 that BU CBT had entered into new contracts with a value of approximately MNOK 102.
- TTS reported on 28 January 2019 that BU Energy had entered into new contracts with a value of approximately MNOK 38.

Additional information on subsequent events is available at www.newsweb.no – ticker TTS.

Appendix

APPENDIX 1. FINANCIAL INFORMATION [1]

The table below summarize the total operation of TTS Group Total [5] without the presentation effects from IFRS 5:

TTS Group Total [5]	4Q 2018			4Q 2017		
	Continued	Discontinued	Total	Continued	Discontinued	Total
Revenue	44 856	523 885	566 070	50 873	490 648	541 520
Income from JV and associated companies 1)	-	2 859	2 859	-	4 765	4 765
Earnings before depreciation, finance and tax (EBITDA)	-355	6 969	6 614	7 684	-9 894	-2 210
Depreciation/amortisation*	514	-27 596	-27 082	415	9 668	10 083
Operating profit/loss (EBIT)	-869	34 565	33 696	7 269	-21 151	-13 882
Net finance	3 247	-30 926	-27 680	870	-4 701	-3 831
Profit/loss before tax	2 378	3 638	6 016	8 139	-25 852	-17 713

1) A negative number represents gain. Positive number is losses.

* Assets held for sale have no depreciation according to IFRS5

TTS Group Total [5]	YTD 31.12.18			YTD 31.12.17		
	Continued	Discontinued	Total	Continued	Discontinued	Total
Revenue	220 310	1 844 917	2 062 555	211 038	1 971 564	2 182 602
Income from JV and associated companies 1)	-	1 117	1 117	-	-6 264	-6 264
Earnings before depreciation, finance and tax (EBITDA)	17 001	62 747	79 748	10 516	42 769	53 285
Depreciation/amortisation*	1 887	0	1 887	1 680	39 152	40 832
Operating profit/loss (EBIT)	15 113	62 747	77 860	8 835	2 028	10 863
Net finance	-1 808	-49 562	-51 370	-4 608	-14 105	-18 713
Profit/loss before tax	13 305	13 186	26 490	4 228	-12 077	-7 850

The table below provide segment information on continued business [4]:

TTS Group - Continued Business [4]	4Q 2018			4Q 2017		
	BU SYS	ASA	Continued	BU SYS	ASA	Continued
Group revenue	44 824	32	44 856	51 040	-168	50 873
Earnings before depreciation, finance and tax (EBITDA)	5 977	-6 332	-355	6 344	1 339	7 684
Depreciation/amortisation*	220	294	514	246	168	415
Operating profit/loss (EBIT)	5 756	-6 626	-869	6 098	1 171	7 269
Net finance	424	2 823	3 247	1 007	-137	870
Profit/loss before tax	6 180	-3 803	2 378	7 105	1 034	8 139

TTS Group - Continued Business [4]	YTD 31.12.18			YTD 31.12.17		
	BU SYS	ASA	Continued	BU SYS	ASA	Continued
Revenue	220 277	32	220 310	204 347	6 691	211 038
Earnings before depreciation, finance and tax (EBITDA)	41 677	-24 677	17 001	31 300	-20 784	10 516
Depreciation/amortisation*	876	1 012	1 887	962	719	1 680
Operating profit/loss (EBIT)	40 802	-25 689	15 113	30 339	-21 503	8 835
Net finance	879	-2 687	-1 808	1 007	-5 615	-4 608
Profit/loss before tax	41 681	-28 376	13 305	31 346	-27 118	4 228

Appendix

The table below provide segment information on discontinued business [6]:

Discontinued Business [6]	4Q 2018						Discontinued
	BU RCN	BU CBT	BU MPG	BU OFF	BU SER	Other	
Revenue	89 419	239 474	31 853	32 661	128 941	1 537	523 885
Income from JV and associated companies 1)	-	2 859	-	-	-	-	2 859
Earnings before depreciation, finance and tax (EBITDA)	-8 318	17 187	-15 660	-3 140	14 993	1 908	6 969
Depreciation/amortisation*	-495	-14 668	-6 093	-4 073	-3 857	1 591	-27 596
Operating profit/loss (EBIT)	-7 823	31 855	-9 567	933	18 849	317	34 565
Net finance	2 404	565	-4 229	-3 748	816	-26 735	-30 926
Profit/loss before tax	-5 419	32 420	-13 796	-2 815	19 665	-26 418	3 638

1) A negative number represents gain. Positive number is losses.

* Assets held for sale have no depreciation according to IFRS5

Discontinued Business [6]	4Q 2017						Discontinued
	BU RCN	BU CBT	BU MPG	BU OFF	BU SER	Other	
Revenue	104 387	227 209	19 455	32 365	110 355	-3 123	490 648
Income from JV and associated companies 1)	-	4 765	-	-	-	-	4 765
Earnings before depreciation, finance and tax (EBITDA)	8 050	1 462	-12 494	-1 205	1 270	-6 977	-9 894
Depreciation/amortisation	246	4 955	1 458	1 506	1 338	165	9 668
Operating profit/loss (EBIT)	7 803	-3 493	-13 952	-2 711	-193	-8 606	-21 151
Net Finance	803	-3 780	-1 545	-1 091	913	-	-4 701
Profit/loss before tax	8 606	-7 273	-15 496	-3 802	719	-8 606	-25 852

Discontinued Business [6]	YTD 31.12.18						Discontinued
	BU RCN	BU CBT	BU MPG	BU OFF	BU SER	Other	
Revenue	345 652	684 698	118 197	129 502	543 618	23 251	1 844 917
Income from JV and associated companies 1)	-	1 117	-	-	-	-	1 117
Earnings before depreciation, finance and tax (EBITDA)	-11 332	20 292	-26 591	-14 192	76 380	18 191	62 747
Depreciation/amortisation*	-	-	-	-	-	-	0
Operating profit/loss (EBIT)	-11 332	20 292	-26 591	-14 192	76 380	18 191	62 747
Net finance	3 298	-3 998	-12 412	-9 522	-193	-26 735	-49 562
Profit/loss before tax	-8 034	16 294	-39 003	-23 714	76 187	-8 544	13 186

Discontinued Business [6]	YTD 31.12.17						Discontinued
	BU RCN	BU CBT	BU MPG	BU OFF	BU SER	Other	
Revenue	298 425	896 638	126 870	142 238	507 879	-485	1 971 564
Income from JV and associated companies 1)	-	-6 263	-	-	-	-	-6 263
Earnings before depreciation, finance and tax (EBITDA)	4 872	77 237	-62 449	-15 764	27 260	11 613	42 769
Depreciation/amortisation	1 385	20 022	6 033	6 000	4 749	963	39 152
Operating profit/loss (EBIT)	3 487	57 215	-68 482	-21 764	22 385	9 187	2 028
Net finance	4 906	-4 790	-7 844	-4 849	-1 528	-	-14 105
Profit/loss before tax	8 392	52 425	-76 325	-26 613	20 857	9 187	-12 077

Appendix

APPENDIX 2. SHARE AND BOND HOLDERS

Shareholders per 31.12.2018		Shares	Share portion
SKEIE TECHNOLOGY AS	*)	22 655 763	26,0 %
RASMUSSENGRUPPEN AS		11 512 506	13,2 %
BARRUS CAPITAL AS		5 803 500	6,7 %
VINTERSTUA AS		5 060 000	5,8 %
SKEIE CAPITAL INVESTMENT AS	*)	4 203 361	4,8 %
DnB NOR MARKETS, AKSJEHAND/ANALYSE		3 411 911	3,9 %
GMC JUNIOR INVEST AS		1 825 000	2,4 %
PIMA AS		1 728 195	2,1 %
FIRST PARTNERS HOLDING 16 AS		1 495 275	1,9 %
ITLUTION AS		1 475 261	1,8 %
AVANZA BANK AB	NOM	1 228 699	1,7 %
TRAPESA AS		1 206 351	1,6 %
TIGERSTADEN AS		1 107 500	1,5 %
SALT VALUE AS		1 082 625	1,2 %
LEOVILLE AS		800 000	1,1 %
TIGERSTADEN INVEST AS		750 000	0,9 %
Espedal & Co AS		743 557	0,8 %
AVANT AS		700 000	0,8 %
SKANDINAVISKA ENSKILDA BANKEN		674 999	0,7 %
SJAP AS		670 000	0,6 %
TRYM SKEIE	*)	323 140	0,4 %
SKEIE CONSULTANTS AS	*)	300 000	0,3 %
SKEIE ALPHA INVEST AS	*)	250 000	0,3 %
OTHER		18 080 912	20,8 %
Total		87 088 555	100,0 %

*) Shares owned or controlled by members of the Skeie family, 27.732.264 shares representing 31,84 % of total shares.

Bondholders as per. 31.12.2018		Conversion rights	Share portion if fully diluted
MP PENSJON PK		6 639 839	6,3 %
SKEIE TECHNOLOGY AS	*)	3 912 475	3,7 %
RBC INVESTOR SERVICES BANK S.A.	NOM	1 750 503	1,7 %
SKEIE CONSULTANTS AS	*)	1 207 243	1,1 %
SKANDINAVISKA ENSKILDA BANKEN AB	NOM	985 915	0,9 %
TAMAFE HOLDING AS	*)	804 829	0,8 %
SKEIE CAPITAL INVESTMENT AS	*)	704 225	0,7 %
PIMA AS		528 169	0,5 %
NORDA ASA		503 018	0,5 %
TEAM ATLANTIC AS		382 294	0,4 %
Other		880 282	0,8 %
		18 298 793	17,4 %

*) Bonds owned or controlled by members of the Skeie family

Appendix

APPENDIX 3. END NOTES

- [1] These are non-GAAP figures. Revenue recognition in BU RCN, BU MPG and BU OFF based on IAS 11 principles, as stated in SPA with Cargotec Oyj. Information on IFRS 15 adjusted numbers included in note 11.

- [2] Net-Interest Bearing Debt (NIBD) = Bank deposits less interest-bearing debt to financial institutions and bond-holders.

- [3] Net working capital = Short term assets, less bank deposits, less short-term debt, plus short-term debt to financial institutions and bond-holders.

- [4] Continued business consists of BU SYS and TTS Group ASA (corporate functions), ref note 2 for more information on segments.

- [5] TTS Group Total represents both continued and discontinued businesses as described in note 2.

- [6] Discontinued business consists of RoRo/Cruise/Navy (BU RCN), Container/Bulk/Tank (BU CBT) Offshore (BU OFF) Multipurpose/General cargo (BU MPG) Services (BU SER), ref note 2 for more information on segments.