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TO 31 MARCH
2017

INTERIM REPORT

TTS

TTS GROUP ASA

CEO letter

TTS Group reports reduced operating results, disturbed by restructuring cost

TTS reports a negative EBITDA for the 1st quarter, influenced by restructuring cost. The underlying EBITDA for the quarter is positive, although not at a satisfactory level due to negative operating results in two business units: Multipurpose/General Cargo and Offshore.

TTS continues the ambition to maintain and grow our market positions, to utilize synergies and operational efficiency across the Group and to reduce the operating cost base on a year-over-year basis. The present overall goal for TTS is to secure positive operating margins in all business units, improved working capital and focus on market segments that show signs of recovery.

TTS Group continues its initiatives to grow its product portfolio and service offering through providing ship-type solutions to key customers. Sales of larger bundled equipment packages and solutions are expected to improve efficiency for both shipyards and ship-owners. Supported by the company's organization of its business units based on ship-type, the group aims to offer complete equipment packages for ship-types to increase the order value per ship, and increase TTS' market position.

We expect reduced activity in 2017 compared to 2016, particularly due to low activity within the car carrier and heavy lift segments. Although the market for Container/Bulk/Tank also remains challenging, we expect stable turnover in the 100% owned units, but somewhat reduced activity in the 50% owned Chinese companies. The market for ship-lifts remains strong. For the services sector, we see a potential for further development of both the spare parts sales and the general service activity.

Business unit Offshore delivers an unsatisfactory operating result, mainly due to lower utilization of capacity in the beginning of the quarter. We still expect a weak offshore market in the foreseeable future, and therefore, the TTS Group's exposure towards the Offshore sector has over the last couple of years been reduced to around 7 percent of our turnover.

The low order intake in Business unit Multipurpose/General Cargo continues into 1st quarter 2017. The turnaround of the heavy lift market and the development of the offshore wind installation market takes longer time than previously expected. To reduce the cost base for the business unit and adapt the operations to the current market, a restructuring of the business unit was initiated in 1st quarter 2017, with a restructuring cost of MNOK 30 recognized in the quarter.

We continue our efforts to develop a more flexible organization that can shift resources between segments, and thereby be better suited to scale activity by market changes.

Despite a challenging market for marine equipment, we have a strong market position with a global presence, and a comprehensive and diversified product portfolio. Together with committed and competent colleagues, this creates a strong platform for future growth when the market improves.

Toril Eidesvik, CEO

First quarter 2017

- 1st quarter turnover reduced, particularly due to lower activity in RoRo/Cruise/Navy, Container/Bulk/Tank and Offshore
- Continued positive underlying operations, with a 1st quarter EBITDA excl. restructuring of MNOK 10
- Previously announced restructuring cost in Multipurpose/General cargo of MNOK 30
- Gain from sale of Liftec OY: MNOK 13

TTS GROUP ***)	Q1		Full year
MNOK	2017	2016	2016
Turnover	506	766	3 087
EBITDA **	-20	26	70
Order intake	401	529	2 398
Order backlog *	2 609	3 615	2 722
EPS (NOK) Total	-0,46	-0,02	-1,40
* Order backlog includes 50% of backlog from equity consolidated investments in China			
** 2017 EBITDA includes a negative restructuring cost in BUMPG of MNOK 30.			
** 2016 EBITDA includes a negative inventory impairment in BUMPG of MNOK 20, and a negative impairment in BUCBT of MNOK 43.			
*** TTS Liftec OY, a former part of BUSYS, was sold in Q1/2017. Profit from the transaction is calculated to MNOK 12,7 and classified as a finance transaction. Based on overall immaterial effect on the comparable figures, TTS Liftec is retained in the 2016 figures.			

FINANCIAL PERFORMANCE

The 1st quarter turnover MNOK 506 was reduced compared to both last quarter and 1st quarter last year. The largest contributors to the reduced turnover were the Business units RoRo/Cruise/Navy and Container/Bulk/Tank. In Business unit Shipyard Solutions, turnover is reduced as Liftec OY was sold in February 2017.

Operating profit (EBITDA) in the 1st quarter was MNOK 10, excluding the MNOK 30 restructuring cost in Multipurpose/General Cargo. In addition to the restructuring cost, the EBITDA is negatively affected by the operations in Multipurpose/General Cargo (MNOK -10) and Offshore (MNOK -7), whereas BU Container/Bulk/Tank contributes with MNOK 19 on the positive side.

The Earnings before interest and tax (EBIT) in 1st quarter 2017 was MNOK -30. The sale of Liftec OY contributes positively to the EBT with a gain of MNOK 13.

First quarter 2017

ORDER BACKLOG

The order intake for 1st quarter 2017 was MNOK 401, a decrease compared to 1st quarter last year. The largest decrease is in business units RoRo/Cruise/Navy and Container/Bulk/Tank.

No order-cancellations were reported in 1st quarter in the fully consolidated companies. Cancellations in equity-consolidated investments in China was MNOK 13 in the quarter.

The order backlog* at the end of 1st quarter was NOK 2.6 billion (3.6 billion), of which approximately NOK 1.7 billion is expected to be turned into revenue in 2017.

*including 50% of the order backlog of MNOK 153 (257), in equity consolidated investments in China. Expected turnover from the Services segment is not included in the reported order backlog

TOTAL ASSETS AND NET INTEREST-BEARING DEBT

Total assets at the end of 1st quarter 2017 was MNOK 2 185, an increase of MNOK 10 compared to the end of 2016.

Net working capital at the end of the 1st quarter was MNOK 23, a decrease of MNOK 100 from the end of last year, most of which relates to improvement in the 100% owned entities.

Net interest-bearing debt at the end of the 1st quarter was MNOK 196, a decrease of MNOK 98 from the end of 2016. The effect of the consolidation of THH and TTS-SCM represents a total reduction of the reported net interest-bearing debt of MNOK 140.

The equity at the end of the 1st quarter was 27.1%. Including the convertible bond debt the equity was 31.4%.

TTS meets the covenants for both equity ratio and EBITDA related to its debt and bonding facilities with Nordea and DNB, which were renewed in 4th quarter 2016. The subordinated debt was extended in 1st quarter 2017. Both the debt and bonding facilities and the subordinated debt mature in January 2019. (Ref. note 11).

Business units

RORO/CRUISE/NAVY

The business unit reports a decrease in turnover and margin compared to last year. The reduction of margin is an effect of changes in the product mix, as well as reduced utilization of capacity in the first month of the quarter.

The order backlog at the end of the quarter was MNOK 640, on level with last quarter, and MNOK 285 lower than at the end of 1st quarter 2016. The Group expects the slow market for car carriers to continue, with lower new orders and risk of delays from the customer side on existing orders. Although this is replaced by higher activity in the market for RoPax and Cruise, we expect a significantly lower turnover in this segment in 2017 than in the previous years. The negative effect on turnover is reinforced by the longer lead-time on the cruise contracts, which leads to later recognition of revenue, due to the accounting principles for revenue recognition of the contracts.

RORO, CRUISE, NAVY	Q1		Full year
	2017	2016	2016
MNOK			
Turnover	71	143	555
EBITDA	2	10	15
Order backlog	640	925	652

CONTAINER/BULK/TANK

The business unit reports an EBITDA significantly improved from the same quarter last year, despite reduced turnover. The 100% owned companies in the business unit report a stable turnover and an EBITDA that is MNOK 10 higher than 1st quarter 2016.

Consolidated turnover and EBITDA from the 50% owned subsidiary THH in 1st quarter 2016 (2015) represent MNOK 113 (207) and MNOK 14 (10) respectively. After the equity-consolidated 40% owned Jiangnan TTS steel production plant was written down to MNOK 0 at the end of 2016, this company does not have a negative impact on the 2017 group figures.

The weak market for winches in South-Korea has led to a reduced order intake in 1st quarter 2017 compared to the same period in 2016. In China however, THH had an order intake in 1st quarter 2017 of around MNOK 145, which is more than double of 1st quarter 2016.

CONTAINER, BULK, TANK	Q1		Full year
	2017	2016	2016
MNOK			
Turnover	173	270	1 138
EBITDA **	19	4	21
Order backlog *	1 413	1 825	1 403
* Order backlog includes 50% of order reserve in equity consolidated investments in China.			
** One of effect from impairment of TTS Jiangnan included in Q4/2016 by MNOK 43.			

Business units

MULTIPURPOSE/GENERAL CARGO

The low order intake continues from 2016 into 2017. The turnaround of the heavy lift market as well as the development of the offshore wind installation market takes longer time than previously expected.

To reduce the cost base for the business unit and adapt the operations to the current market, a ramp down of the German manufacturing setup was initiated in 1st quarter 2017. A restructuring cost of MNOK 30 was recognized in the 1st quarter. The restructuring program for the unit continues into the 2nd and 3rd quarter of 2017.

The business unit's 1st quarter 2017 EBITDA of MNOK -40 is affected by the restructuring cost of MNOK 30, in addition to customer-initiated delays in project deliveries, combined with a slow market. The risk of further delays or cancellation of ongoing heavy lift projects remains high.

MULTIPURPOSE, GENERAL CARGO	Q1		Full year
MNOK	2017	2016	2016
Turnover	61	71	322
EBITDA *	-40	-5	-24
Order backlog	140	509	205
* 2017 EBITDA includes restructuring cost of MNOK 30 (Q1/17).			
* 2016 EBITDA includes an inventory impairment of MNOK 20 (Q4/16).			

OFFSHORE

The business unit delivers a negative EBITDA in the 1st quarter of 2017 after EBITDA around zero the four previous quarters. The negative 1st quarter result is mainly due to low utilization in the first part of the quarter due to customer initiated delays in project execution. TTS has made several adjustments from 2014 through 2016 to reduce cost in the business unit to match capacity with the order backlog and market conditions. From the peak in 3rd quarter 2014, the number of full time employee equivalents have been reduced by around 70%.

The offshore market is still weak, with generally low demand, combined with fierce price competition, and we expect the market to remain challenging throughout 2017 and into 2018.

OFFSHORE	Q1		Full year
MNOK	2017	2016	2016
Turnover	38	70	226
EBITDA	-7	5	4
Order backlog	141	186	150

Business units

SHIPYARD SOLUTIONS

TTS sold the subsidiary Liftec OY in the beginning of February 2017. The sale of Liftec generates a profit of MNOK 13, reported as a financial gain. This includes a proportionate expected gain out of the possible earn-out of maximum MEUR 1.8.

TTS Syncrolift, which is a leading ship lift provider, continues its positive trend from previous quarters, with stable positive earnings and order intake. The reduced EBITDA in 1st quarter 2017 compared to the same quarter last year is mainly due to customer-initiated delays in the completion of two projects.

SHIPYARD SOLUTIONS ^{*)}	Q1		Full year
MNOK	2017	2016	2016
Turnover ^{**)}	41	69	298
EBITDA ^{***)}	3	7	36
Order backlog ^{****)}	279	184	335

^{*)} TTS Liftec OY, a former part of BUSYS, was sold in Q1/2017. Profit from the transaction is calculated to 12,7 MNOK and classified as a finance transaction. TTS Liftec is included in the 2016 figures.
^{**)} Turnover from TTS Liftec OY included in Q1-2016 by MNOK 24, and by MNOK 109 in FY 2016.
^{***)} EBITDA from TTS Liftec OY included in Q1-2016 by MNOK 2, and by MNOK 8 in FY 2016.
^{****)} Order backlog from TTS Liftec OY included in Q1-2016 by MNOK 56, and by MNOK 23 at yearend 2016.

SERVICES

Both turnover and EBITDA for the business unit Services in 1st quarter 2017 is somewhat reduced compared to 1st quarter 2016, influenced by the low charter rates in several shipping markets.

Although the service market still remains influenced by low ship charter rates and increased competition, particularly within heavy lift equipment, we see a potential for further development of both spare parts sales and servicing based on TTS' worldwide services network and the substantial installed base of TTS equipment.

SERVICES	Q1		Full year
MNOK	2017	2016	2016
Turnover	120	138	533
EBITDA	8	13	42

Outlook

As a consequence of the low newbuilding activity in 2015 and 2016, TTS expects the challenging marine market to continue in 2017, with reduced activity compared to the previous years. The offshore market is expected to remain weak. From 2018 and onwards, the expectations are cautiously positive for some of the marine segments. TTS is exposed towards several ship-segments. The various segments are in different stages of the market cycle. Hence, the market outlook varies between the segments.

Long term, a positive development of the market is expected in line with the growth in global trade and increase in demand for seaborne transport. TTS Group has a strong ambition to, as a minimum; maintain its share of the overall market.

BURCN expects higher activity in the market for RoPax and Cruise. However, a significantly lower turnover is expected in this segment in 2017, due to lower new orders and risk of delays from the customer side on existing orders in the market for car carriers,. The negative effect on turnover is reinforced by the longer lead-time on the cruise contracts, which leads to later recognition of revenue, due to the accounting principles for revenue recognition of the contracts.

Expectations for BUCBT in the Chinese market are generally positive based on the solid market position THH and TBH hold in China. In the Korean market the group experience price pressure from the shipyards. Demand for mega size bulk continues, and the weak handy-bulk market show early signs of recovery. The activity within the container market is low.

The market for equipment to the Offshore oil and gas market is expected to remain challenging throughout 2017 and 2018. TTS sees potential in the market for offshore wind installation as well as for the heavy lift market. However, the turnaround of these market segments will take longer time than previously expected, and the risk of further delays or cancellations on ongoing heavy lift projects remains high. As a continuation of the restructuring of TTS NMF, TTS will evaluate the organization of both the new-build business in MPG and Offshore as well as the services business to utilize potential synergies between the units within sales/marketing, technology and project execution.

Although the service market still remains influenced by low ship charter rates and increased competition, particularly within heavy lift equipment, the group sees a large potential for further development of both spare parts sales and servicing based on TTS' worldwide services network and the substantial installed base of TTS equipment.

The order backlog at the end of the quarter was NOK 2.6 billion, of which approximately NOK 1.7 billion is expected to be turned into revenue in 2017. Expected turnover from the business unit Services is not included in the Group's reported order backlog.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TTS GROUP

		Unaudited	Unaudited	Audited
(NOK 1 000)				
PROFIT AND LOSS ACCOUNT	Note	Q1 2017	Q1 2016	31.12.2016
Turnover from projects	2	506 837	765 583	3 086 706
Total operating turnover		506 837	765 583	3 086 706
Raw materials and consumables used		307 676	490 465	1 955 972
Other operating costs		220 642	245 401	999 732
Result from JV (- is income)		-1 538	3 551	60 872
EBITDA		-19 943	26 165	70 130
Depreciation		10 178	15 322	43 444
Other impairments		-	-	98 647
Operating profit		-30 121	10 844	-71 961
Financial income		18 480	11 078	48 415
Financial expense		17 897	11 649	73 141
Net finance		583	-571	-24 726
Profit/loss before tax		-29 538	10 273	-96 687
Tax		4 661	10 014	30 385
Net result *		-34 199	259	-127 072
Attributable to equity holders of the company	4	-39 864	-1 510	-120 854
Attributable to non-controlling interests		5 665	1 768	-6 218
NET RESULT FOR THE YEAR				
Net result for the period		-34 199	259	-127 072
Currency effects		10 787	-19 074	-58 680
Total comprehensive income		-23 411	-18 815	-185 752
Attributable to equity holders of the company		-32 109	-2 416	-162 044
Attributable to non-controlling interests		8 697	-16 399	-23 708
Earnings per share (NOK)		-0,46	-0,02	-1,40
Diluted earnings per share (NOK)		-0,46	-0,02	-1,40
Average number of shares used as calculation basis for diluted EPS (000)		86 493	86 493	86 493

* 2017: Net result affected by MNOK - 30 from restructuring in BUMPG, and MNOK +13 from the sale of TTS Liftec OY

* 2016: Net result affected by MNOK - 118 from impairment of assets BUMPG, and by MNOK - 43 from impairment of assets in BUCBT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TTS GROUP				
	Note	Unaudited	Unaudited	Audited
(NOK 1 000)		31.03.2017	31.03.2016	31.12.2016
Intangible assets	6, 7	693 799	852 358	709 762
Tangible assets	8	91 709	123 767	94 338
Financial assets	9	30 862	95 473	29 160
Total fixed assets		816 370	1 071 598	833 260
Inventories	10	222 881	385 992	229 034
Total receivables	5	922 777	1 122 046	937 148
Bank deposits/cash	11	222 862	298 363	175 784
Total current assets		1 368 520	1 806 401	1 341 966
Total assets		2 184 890	2 877 999	2 175 226
Share capital	3	9 527	9 527	9 527
Other equity		430 261	622 779	462 409
Non-controlling interests		153 185	203 660	144 489
Total equity		592 973	835 966	616 425
Provisions	6	50 450	55 096	46 350
Long term interest bearing debt	11	339 845	95 345	271 750
Long term liabilities		390 295	150 441	318 100
Current interest bearing debt	11	78 826	375 701	198 307
Current liabilities	5	1 122 796	1 515 891	1 042 393
Total current liabilities		1 201 622	1 891 592	1 240 700
Total liabilities		1 591 916	2 042 033	1 558 800
Total equity and liabilities		2 184 890	2 877 999	2 175 225

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK 1 000)	Share capital	Treasury shares	Share premium	Other equity	Shareholders equity	Non controlling	Total equity
Equity as of 1.1.2017	9 527	-12	149 378	313 042	471 935	144 489	616 424
Comprehensive income	-	-	-	-32 109	-32 109	8 697	-23 412
Share option cost	-	-	-	-39	-39	-	-39
Equity transactions with non controlling interests	-	-	-	-	-	-	-
Equity Closing balance	9 527	-12	149 378	280 895	439 788	153 185	592 974

CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK 1 000)	Unaudited	Unaudited	Audited
AMOUNTS IN NOK 1 000	31.03.2017	31.03.2016	31.12.2016
EBITDA	-19 943	26 165	70 130
Change in net current assets	69 968	-57 449	-164 216
Cash from operations (A)	50 025	-31 284	-94 086
Aquisition and sale of non-current assets	-299	-1 626	-376
Proceeds discontinued business	50 353	-	-
Other investing activities	-	-	-
Cash from investments (B)	50 054	-1 626	-376
New loans and repayment	-48 044	-45 750	-42 919
Payments to shareholders *	-	-	-51 863
Net interest paid	-8 808	-18 527	-31 609
Cash from financing (C)	-56 852	-64 278	-126 391
Change in cash (A+B+C)	43 227	-97 187	-220 853
Cash position OB	175 785	413 210	413 210
Effect of exchange rate changes on cash	3 850	-17 660	-16 572
Cash position CB	222 862	298 363	175 785

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

Notes

NOTE 1. GENERAL INFORMATION

Reporting entity

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

The consolidated financial statements cover TTS Group ASA including its subsidiaries. In January 2017, TTS Group sold the subsidiary TTS Liftec OY, which from this time is not included in the consolidated financial statements of the group.

Jointly controlled and associated companies are accounted for using the equity method.

The Board of Directors approved the consolidated financial statements for the year ended 31 December 2016 on the 26 April 2017.

The annual report 2016 including the consolidated financial statements for the TTS Group, the separate financial statements for TTS Group ASA and the auditors' opinion from KPMG, are available at our website www.ttsgroup.com

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 1st quarter 2017 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 2016.

The accounting principles applied is the same as those described in the consolidated financial statements of 2016.

This condensed consolidated 1st quarter interim report of 2017 was approved by the Board on 9 May 2017.

Judgments, 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.

In preparing these consolidated interim financial statements, the key assessments made by the management in applying the Group's accounting principles and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the financial year that ended 31 December 2016.

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

IFRS 9 Financial instruments

IFRS 9 replaces the existing guidance in IAS39, and is effective from the annual reporting beginning after 1 January 2018. The fair value hedge structure applied by TTS Group is set within the framework of IAS39. TTS is currently assessing the potential impact of IFRS 9, but do not expect any major change or impact on the consolidated financial statements.

As per 31 March 2017 the market value of FX-derivatives qualifying as fair value hedges is negative by MNOK 32, compared to a negative value of MNOK 43 as per 31 December 2016.

IFRS 15 Revenue from contracts with customers

Summary of the requirements:

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

The standard is effective for annual periods beginning on or after 1 January 2018. Early application is permitted.

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 will supersede all current revenue recognition requirements under IFRS. The effective date of the standard is annual periods beginning on or after 1 January 2018. Early adoption is permitted. The standard can be adopted applying a full retrospective method, or a modified retrospective method. The Group plans to adopt IFRS 15 on the required effective date. The Group has not yet decided which transition method to apply.

Notes

Possible impact on consolidated financial statements:

The Group has performed a preliminary assessment of the consequences of IFRS 15 based on its existing contracts and assessed that the amount of revenue recognized would not be impacted by IFRS 15. Based on information currently available, the main impact of the new standard (if any) relates to whether revenue from the Group's projects should be recognized at a point in time or over time. General principles for determining timing of revenue (currently over time (POC) for "engineer to order" and point of time for "configure to order") may not be applied under IFRS 15, as the timing of revenue may be subject to assessments of individual contracts.

For 2016, revenue recognized on an "engineer to order" basis represents 45% of the Turnover, and 44% of the EBITDA. If revenue from a significant part of the group's portfolio of "engineer to order" projects from 2018 can't be recognized over time, the impact on timing of revenue and margins is expected to represent a significant delay in revenue and margin recognition.

The assessment is subject to changes arising from a more detailed ongoing analysis in 2017. The majority of the contracts entered into as of 31 December 2016 will be fulfilled before the adoption of IFRS 15 and future contracts may be entered into at different terms. Furthermore, the Group is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments including industry specific developments.

Regardless of any effect on the P&L and balance sheet, TTS Group will be subject to more comprehensive disclosure requirements under IFRS 15.

IFRS 16

IFRS 16 principally require lessees to recognize assets and liabilities for all leases.

IFRS 16 is effective from the annual reporting beginning after 1 January 2018.

TTS is currently assessing the impact from IFRS 16. As set out in note 6 to the annual report 2016, committed nominal lease payments at the end of 2016 were MNOK 194.

Based on the current structure of lease contracts, a 10% discount rate and 3.5% annual increase in nominal leases, lease assets and lease liabilities as per 31 December 2017 is estimated at MNOK 140.

Notes

NOTE 2. SEGMENT INFORMATION

TTS Group reports on the following segments.

- RoRo/Cruise/Navy (BURCN)
- Container/Bulk/Tank (BUCBT)
- Offshore (BUOFF)
- Multipurpose/General cargo (BUMPG)
- Shipyard Solutions (BUSYS)
- Services (BUSER)

		Q4		Q3		Q2		Q1		Full year / YTD	
		Turnover	EBITDA	Turnover	EBITDA	Turnover	EBITDA	Turnover	EBITDA	Turnover	EBITDA
RoRo, Cruise, Navy	2017							71	2	71	2
	2016	127	0	126	5	158	-1	143	11	555	15
Container, Bulk, Tank	2017							173	19	173	19
	2016	302	-19	275	18	291	18	270	4	1138	22
Offshore	2017							38	-7	38	-7
	2016	59	2	38	0	59	-3	70	5	226	4
Multipurpose, General Cargo	2017							61	-40	61	-40
	2016	72	-19	78	0	101	-1	71	-5	322	-24
Shipyard Solutions	2017							41	3	41	3
	2016	66	2	90	8	72	18	69	7	298	36
Services	2017							120	8	120	8
	2016	126	4	131	11	138	14	138	13	533	42
Corporate / Other	2017							2	-5	2	-5
	2016	6	0	2	-2	2	-14	4	-8	14	-24
Total	2017							506	-20	506	-20
	2016	758	-30	741	41	822	33	766	26	3087	70
	2015	842	29	805	0	811	138	593	1	3051	167

BURCN 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 linkspan systems.

BUCBT 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.

BUOFF 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.

BUMPG delivers supporting solutions to the vessels which is designed to operate in the multipurpose or general cargo market, requiring specialized operating capabilities. Product range includes 40-2200 t heavy lift cranes, side loading systems, hatch covers and mooring winches.

BUSYS includes shiplift and transfer systems, as well as complete production lines to the yard industry. Product range includes ship lift system, ship transfer systems.

BUSER 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.

Notes

NOTE 3. SHARE CAPITAL AND EQUITY

As per 31 March 2017 TTS Group ASA has issued 86 605 660 shares, each with a face value of NOK 0.11 giving a share capital of total NOK 9 526 623.

TTS Group ASA holds 112 882 own shares.

No options or other equity instruments have been awarded in 2017.

At period closing there are 18.781.690 conversion rights related to the subordinated convertible bond with a conversion value of 4,97. In addition, senior employees' holds 475 000 share options with a strike price of 4,75.

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 has been included in dilution effects.

	YTD 31.03.2017	YTD 31.03.2016	31.12.2016
Net income available to shareholders, continued business	-39 864	-1 510	-120 854
Effect of dilution	-	-	-
Diluted net income available to shareholders, continued business	-39 864	-1 510	-120 854
Net income available to shareholders, divested business	-	-	-
Effect of dilution	-	-	-
Diluted net income available to shareholders, divested business	-	-	-
Net income available to shareholders	-39 864	-1 510	-120 854
Effect of dilution	-	-	-
Diluted net income available to shareholders	-39 864	-1 510	-120 854
	YTD 31.03.2017	31.03.2016	YTD 31.12.2016
Weighted average number of shares outstanding	86 493	86 493	86 493
Effect of dilution	-	-	-
Diluted numbers of shares	86 493	86 493	86 493
Earnings per share (NOK)	-0,46	-0,02	-1,40
Diluted earnings per share (NOK)	-0,46	-0,02	-1,40

Closing price at Oslo Stock Exchange per 31 March 2017 was NOK 3.67.

Notes

NOTE 5. RELATED PARTIES

Note 21 and accounting principles section 2.2 in the consolidated financial statements of 2016 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 prices.

(NOK 1000)	31.03.2017	31.03.2016	31.12.2016
Gross deferred tax asset ¹	29 321	40 212	29 680
Gross deferred tax liability ¹	-49 234	-53 807	-46 350
Net deferred tax asset (+) / liability (-)	-19 913	-13 594	-16 670

1) Gross deferred tax asset is recognized as intangible assets and gross deferred tax liability is recognized as provisions

NOTE 6. TAX

TTS Group is taxable in more than one jurisdiction based on its operations. A loss in one jurisdiction may not be offset against taxable income in another jurisdiction. Thus, the Group may pay tax within some 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 consists of the following:

Balance sheet items to/from equity consolidated investments	31.03.2017	31.03.2016	31.12.2016
Current receivables	32 439	50 002	42 834
Current liabilities	-10 597	-9 801	-11 871
Net receivables (+) / liabilities (-) with equity consolidated investments	21 842	40 201	30 963

Recognized deferred tax asset primarily relates to tax losses in the Norwegian and German companies, as well as short term tax differences from the Chinese companies. The criteria that have been utilized to estimate that future taxable profit can be utilized have been unchanged during the 1st quarter.

Notes

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 any indication that the assets may be impaired.

TTS shares are freely traded at Oslo Stock Exchange. Closing price of last trading date in December 2016 was NOK 3.67 per share, indicating a nominal trade value of TTS of MNOK 318.

Book value of equity at 31 March 2017 was MNOK 440 excluding minority interest.

At the end of the current reporting period, TTS Group has not identified any changes in the overall financial market that give basis for a significant change in the average cost of capital.

The CGU "NMF", which was acquired in the 3rd quarter of 2012, encompass the activities within the legal entities TTS NMF GmbH - Germany, and TTS SCM - China. The CGU "Offshore" in TTS has experienced substantial losses for the past few years, combined with a low order intake

The market for equipment to the Offshore oil and gas market and heavylift market is expected to remain challenging throughout 2017 and 2018. TTS sees potential in the market for offshore wind installation as well as for the heavy lift market. However, the turnaround of these market segments will take longer time than previously expected, and the risk of further delays or cancellations on ongoing heavy lift projects remains high. As a continuation of the restructuring of TTS NMF, TTS will evaluate the organization of both the new-build business in MPG and Offshore as well as the services business to utilize potential synergies between the units within sales/marketing, technology and project execution.

Book value of intangible assets in CGU NMF is approximately MNOK 134, of which MNOK 114 is allocated as goodwill.

Book value of intangible assets in CGU Offshore is approximately MNOK 10 with a planned straight-line depreciation of close to MNOK 4 per year.

TTS sold the subsidiary Liftec OY in the beginning of February 2017. The sale of Liftec generates a profit of MNOK 13, reported as a financial gain. This includes the expected gain from the possible earn out of maximum MEUR 1.8

TTS Group considers that there are no major events, changes in assumptions or other new information indicating a change in the valuation of goodwill or other intangible assets from year-end 2016 in the other business segments. Estimates related to future market expectations could have material impact on the impairment test.

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

(NOK 1000)	Goodwill			Other intangible assets		
	31.03.2017	31.03.2016	31.12.2016	31.03.2017	31.03.2016	31.12.2016
Net book value, beginning of period	575 798	701 807	701 807	104 283	141 821	141 821
Acquisition	-	-	-	-	-	-
Divestment	-21 807	-	-	-757	-	-
Additions	-	-	-	-	-	2 033
Depreciations/Amortizations	-	-	-	-5 987	-8 267	-18 609
Impairment	-	-	-82 269	-	-	-
Foreign currency differences	12 178	-19 198	-43 740	771	-4 018	-20 963
Net book value, end of period	566 169	682 609	575 798	98 310	129 536	104 283

Notes

NOTE 8. NON-CURRENT ASSETS

(NOK 1000)	31.03.2017	31.03.2016	31.12.2016
Net book value, beginning of period	94 338	134 521	134 521
Acquisition	-	-	-
Divestment	-2 127	-	-3 773
Additions	299	1 626	10 463
Depreciations/Amortizations	-4 167	-5 783	-38 866
Impairment	-	-	-20 098
Foreign currency differences	3 366	-6 597	-8 006
Net book value, end of period	91 709	123 767	94 338

TTS sold the subsidiary Liftec OY in the beginning of February 2017.

NOTE 9. EQUITY ACCOUNTED INVESTMENTS

(NOK 1 000)	31.03.2017	31.03.2016	31.12.2016
Net book value, beginning of period	29 160	84 975	84 975
Acquisition	-	-	-
Divestment	-	-	-
Reclassification	-	-	-
Share of profit (+) / loss (-)	1 538	-3 551	-17 970
Share of dividend received (net of withholding tax)	-	-	-2 002
Impairment of values	-	-	-43 049
Foreign currency differences	164	14 049	10 410
Net book value, end of period	30 862	95 473	29 160

As per 31 March 2017, equity accounted investments include TTS Bo Hai Machinery Co Ltd. (TBH) in which TTS Group ASA holds 50% of the shares, and Jiangnan TTS Ships Equipment Manufacturing Co Ltd (JNTTS). in which TTS Hua Hai Ltd. holds a 40% share portion.

Both units are reported as part of the Container/Bulk/Tank segment.

Operations in JNTTS during 2016 contributed with a negative impact on the EBITDA of MNOK 23. As per 31 December 2016, the value of JNTTS was impaired by MNOK 43 to MNOK 0. The impairment was allocated to EBITDA in the TTS Group accounts at yearend 2016.

The operation in JNTTS during 1st quarter 2017 shows a loss of MNOK 4. As the value of the JNTTS investment was impaired to 0 in 2016, the loss in JNTTS is not reflected in the TTS Group accounts. There is no legal or operational obligation in TTS to increase its position in JNTTS.

NOTE 10. INVENTORIES

(NOK 1 000)	31.03.2017	31.03.2016	31.12.2016
Inventories, incl non current	252 960	411 350	259 114
Obsolescence	-30 079	-25 358	-30 079
Total inventories	222 881	385 992	229 034

Notes

NOTE 11. 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 2016.

On 22 March 2017, the bondholders agreed to an extension of the subordinated debt until 18 January 2019. The TTS General Assembly approved the extension on 30 March 2017.

The amendments mainly involves a 21-month extension of the maturity date from 18 April 2017 to 18 January 2019, and a change of fixed coupon rate from 12% to 10%p.a. Changes also include minor amendments to conversion and redemption provisions, and a repayment of MNOK 2 to a bondholder. Terms and conditions in the renewed agreement have been evaluated according to IAS 39. Based on the evaluation the renewed agreement is considered a prolonging of the prior bond debt agreement.

There has been no execution related to the convertible subordinated bond facility during 2017. The conversion price of the convertible bond loan is unchanged from 4th quarter 2015 at 4.97/share. After the partial repayment to a bondholder at 28 March 2017, the nominal value of the bond debt is MNOK 93,345 MNOK giving right to 18.781.690 shares upon full conversion.

The subordinated convertible bond debt is classified as long term debt as per 31 March 2017.

On 19 December 2016, TTS Group ASA entered into an agreement with Nordea and DNB on new financing agreements for credit and guarantee facilities, which represents an extension of the agreements the company had at the beginning of the prior fiscal year. The extended agreements expire on 1 January 2019.

The credit facility in the agreement is 1 073 MNOK, consisting of:

- MNOK 173, term loan facility (DNB)
- MNOK 100, term loan facility (Nordea)
- MNOK 200, multi-currency overdraft facility (Nordea)
- MNOK 600, guarantee facility (Nordea MNOK 465, DNB MNOK 135)

Divestment of TTS Liftec has the reduced value on pledges. TTS Group has made a repayment of MNOK 13 to Nordea and MNOK 13 to DNB during 1st quarter 2017. The overall facility remain unchanged.

At the end of 1st quarter 2017, TTS Group has drawn MNOK 158 of the total MNOK 173 loan facility with DNB. TTS Group has drawn MNOK 136 of the total MNOK 300 loan facility with Nordea.

The term loan facilities are classified as long-term debt and the overdraft facilities are classified as short-term debt as per 31 March 2017.

TTS Korea have drawn MNOK 30 of MNOK 30 related to its credit facility with Kookmin Bank in Korea. The facility is allocated as short-term debt.

At the end of 1st quarter, 2017 TTS Group meets the set covenants.

Debt covenants from 1Q 2017 are:

Bank loan covenants	1Q 2017 - 3Q 2017	4Q 2017	1Q 2018 - 4Q 2018
NIBD*/EBITDA** maximum	4,25	4,00	3,00
Equity*** minimum	24 %	24 %	25 %
Minimum liquidity reserve	MNOK 50	MNOK 50	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			

Consolidation of TTS Hua Hai and TTS SCM has significant effects on the cash flow and presented cash in the balance. Cash within the 50/50 companies is not available to other companies within TTS

(NOK 1 000)	31.03.2017	31.03.2016	31.12.2016
Bank deposits in fully owned companies	82 545	51 905	76 679
Bank deposits in 50/50 owned companies	140 317	246 458	99 105
Bank deposits	222 862	298 363	175 784

Notes

Calculation of NIBD/ EBITDA covenant

31.03.2017

Calculation of NIBD for covenant measures (MNOK)

Reported NIBD from TTS Group	-196
+ Add back nominal value of Subordinated Convertible Bond agreement	93
- Deduction of reported NIBD from group consolidated 50/50 owned companies	-140
+ Add back 50% of NIBD from 50/50 owned companies	131
Adjusted NIBD for covenant calculation	-112

Calculation of EBITDA for covenant measures (MNOK)

Rolling 12 month reported EBITDA in TTS Group	24
- Deduction of reported EBITDA-effects from 50/50 owned companies which are consolidated	-74
+ Add back 50% of EBITDA in 50/50 owned companies	50
+/- Adjustment of one time effects on reported EBITDA - rolling 12 months	83
Adjusted EBITDA for covenant calculation	83

NIBD/ EBITDA calculation

1,34

NIBD/ EBITDA Covenant according to the finance agreement as per Q1-2017

4,25

An overall description of debt facilities, and additional information regarding financial risk management is available as part of the notes to the annual report 2016.

NOTE 12. SUBSEQUENT EVENTS

Major events reported to Oslo Stock Exchange after 31 March 2017

At 3 April 2017, TTS Group announced new contracts related to access equipment to cruise vessels, and hatch covers and winches to bulk carriers. Order value is approx. MNOK 55.

At 28 April 2017, TTS Group announced a new contract related to cargo access equipment to RoRo vessels. Order value is approx. MNOK 55.

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

Shareholders per 31.03.2017		Shares	Share portion
SKEIE TECHNOLOGY AS	*)	22 655 763	26,2 %
RASMUSSENGRUPPEN AS		11 512 506	13,3 %
SKEIE CAPITAL INVESTMENT AS	*)	4 203 361	4,9 %
BARRUS CAPITAL AS		3 600 000	4,2 %
HOLBERG NORGE		3 292 500	3,8 %
PIMA AS		2 549 914	2,9 %
SKAGEN VEKST		2 411 069	2,8 %
JPMORGAN CHASE BANK, N.A., LONDON	NOM	2 000 000	2,3 %
MERTOUN CAPITAL AS		1 769 598	2,0 %
DANSKE BANK AS	NOM	1 480 846	1,7 %
ITLUTION AS		1 475 261	1,7 %
SKANDINAVISKA ENSKILDA BANKEN AB	NOM	1 010 812	1,2 %
AVANT AS		1 000 000	1,2 %
FIRST PARTNERS HOLDING 16 AS		981 341	1,1 %
AVANZA BANK AB	NOM	886 083	1,0 %
GMC KAPITAL AS		850 000	1,0 %
RBC INVESTOR SERVICES BANK S.A.	NOM	800 000	0,9 %
KRISTIANRO AS		741 206	0,9 %
PHAROS INVEST I AS		668 868	0,8 %
GLASTAD INVEST AS		668 000	0,8 %
TRYM SKEIE	*)	323 140	0,4 %
SKEIE CONSULTANTS AS	*)	300 000	0,3 %
SKEIE ALPHA INVEST AS	*)	250 000	0,3 %
Other		21 175 392	24,5 %
Total		86 605 660	100,0 %

*) Shares owned or controlled by members of the Skeie family, 27.732.264 shares representing 32,02 % of total shares.

Bondholders as per 31.03.2017		Conversion rights	Share portion if fully diluted
MP PENSJON PK		6 036 217	5,7 %
SKEIE TECHNOLOGY AS	*)	3 912 474	3,7 %
SKANDINAVISKE ENSKILDA BANKEN AB	NOM	1 685 110	1,6 %
PONDERUS SECURITIES AB	NOM	1 252 515	1,2 %
SKEIE CONSULTANTS AS	*)	1 207 243	1,1 %
AKERSHUS FYLKESKOMM. PENSJONSKASSE		804 828	0,8 %
TAMAFE HOLDING AS	*)	804 828	0,8 %
MERTOUN CAPITAL AS		804 828	0,8 %
SKEIE CAPITAL INVESTMENT AS	*)	704 225	0,7 %
PIMA AS		301 810	0,3 %
Other		1 267 598	1,2 %
		18 781 676	17,8 %

*) Shares owned or controlled by members of the Skeie family.

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TTS GROUP ASA