

# Fred. Olsen Production ASA

PRESENTATION OF

Financial Results 4<sup>th</sup> quarter 2012 and  
preliminary 2012 result

## Q4 2012 in brief

- Revenues USD 29.0 million (USD 27.8 million)
  - 100% commercial up-time in 4Q 2012
  - EBITDA of USD 10.0 million (USD 13.5 million)
  - One-off write-downs on claims USD 2.5 million
  - EBIT of USD 2.9 million (negative USD 19 million)
  - Net loss after tax USD 1.1 million (USD 24.0 million)
  - Proposed dividend payment of NOK 0.50/share
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- The Strategic Review is ongoing

## 2012 in brief

- Operating revenues USD 113.3 million (USD 109.2million)
- Good operations, Knock Allan gas compressor issues solved
- Average 99.98% commercial up-time for the year 2012
- EBITDA of USD 44.6 million (USD 43.7 million)
- One-off write-downs on claims totaling USD 5.6 million
- EBIT of USD 16.2 million (negative USD 12.0 million)
- Net result after tax of USD 1.9 million (negative USD 28.9 million)
  
- LOI with PTSC did not lead to a final contract
- Board initiated a comprehensive review of strategic options available, including merger, sale or continued organic growth

# Agenda

- **Financial results Q4 2012**
- Operations and market

# Income Statement - Key Figures

(USD 000)	Q4 - 2012 Actual	Q4 - 2011 Actual	Variance	YTD 2012 Actual	YTD 2011 Actual	Variance
Revenue	29 008	27 819	1 189	113 314	109 180	4 134
<b>Operating revenues:</b>	<b>29 008</b>	<b>27 819</b>	<b>1 189</b>	<b>113 314</b>	<b>109 180</b>	<b>4 134</b>
Operating expenses:						
Operating expenses	(12 344)	(9 749)	(2 595)	(50 416)	(49 816)	(600)
One-off write-downs	(2 504)	-	(2 504)	(5 629)	-	(5 629)
Administrative expenses	(4 153)	(4 588)	435	(12 679)	(15 655)	2 976
<b>Operating result EBITDA</b>	<b>10 007</b>	<b>13 482</b>	<b>(3 475)</b>	<b>44 590</b>	<b>43 709</b>	<b>881</b>
Depreciation	(7 091)	(7 522)	432	(28 378)	(30 708)	2 330
Impairment	-	(25 000)	25 000	-	(25 000)	25 000
<b>Operating result (EBIT)</b>	<b>2 916</b>	<b>(19 040)</b>	<b>21 956</b>	<b>16 212</b>	<b>(11 999)</b>	<b>28 211</b>
Net financial items	(1 228)	(2 199)	971	(5 378)	(8 060)	2 682
<b>Result before tax</b>	<b>1 688</b>	<b>(21 239)</b>	<b>22 927</b>	<b>10 835</b>	<b>(20 059)</b>	<b>30 894</b>
Tax expense	(2 816)	(2 713)	(103)	(8 983)	(8 886)	(97)
<b>Net result</b>	<b>(1 128)</b>	<b>(23 952)</b>	<b>22 824</b>	<b>1 851</b>	<b>(28 945)</b>	<b>30 796</b>

# 2012 vs. 2011 EBITDA

2012 vs 2011 EBITDA			
<b>(USD 000)</b>			
<b>2011 EBITDA</b>			<b>43 709</b>
plus:	Petroleu Nautipa extention	4 315	
	Knock Muir sold 2011	3 642	
	FOP Group Admin.	1 285	
	Marc Lorenceau contract	305	
			9 547
minus:	One-off write-downs	-5 629	
	Knock Adoon operation	-2 525	
	Knock Allan operation	-512	
			-8 666
<b>2012 EBITDA</b>			<b>44 590</b>

# Quarterly EBITDA 2012

<i>(USD 000)</i>	<b>Q1 2012 Actual</b>	<b>Q2 2012 Actual</b>	<b>Q3 2012 Actual</b>	<b>Q4 2012 Actual</b>	<b>Actual 2012</b>
Revenue	26 935	28 932	28 439	29 008	113 314
Operating expenses:					
Direct OPEX	(13 244)	(12 939)	(11 894)	(12 340)	(50 416)
Other administrative expenses	(3 350)	(6 209)	(2 088)	(6 661)	(18 308)
					-
<b>EBITDA</b>	<b>10 341</b>	<b>9 784</b>	<b>14 457</b>	<b>10 007</b>	<b>44 590</b>

# Consolidated Balance Sheet

(USD 000)	31.12.2012 Actual	31.12.2011 Actual	Variance
<b>Assets</b>			
Cash and cash equivalents	68 060	68 791	(731)
Other current assets	20 392	33 900	(13 508)
<b>Total current assets</b>	<b>88 452</b>	<b>102 691</b>	<b>(14 239)</b>
Fixed assets	285 866	310 593	(24 727)
Other non-current assets	1 331	2 064	(733)
<b>Total assets</b>	<b>375 649</b>	<b>415 348</b>	<b>(39 699)</b>
<b>Liabilities</b>			
Interest bearing loans (current portion)	-	2 145	(2 145)
Other current liabilities	14 380	20 733	(6 353)
<b>Total current liabilities</b>	<b>14 380</b>	<b>22 878</b>	<b>(8 498)</b>
Interest bearing loans (LT portion)	140 000	168 350	(28 350)
Other long-term liabilities	7 577	10 680	(3 103)
<b>Total long-term liabilities</b>	<b>147 577</b>	<b>179 030</b>	<b>(31 453)</b>
<b>Total liabilities</b>	<b>161 957</b>	<b>201 908</b>	<b>(39 951)</b>
Equity	213 692	213 440	252
<b>Total liabilities and equity</b>	<b>375 649</b>	<b>415 348</b>	<b>(39 699)</b>

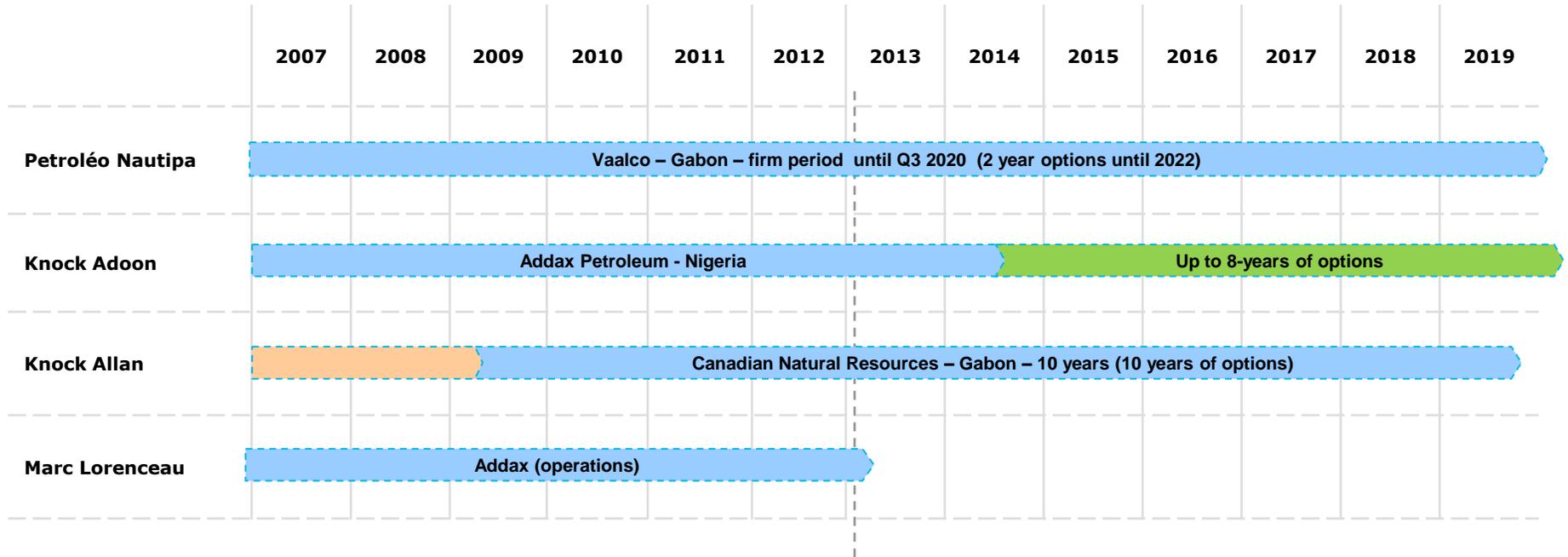
# Cash flow statement

	<b>Actual 31 Dec 12</b>
<b><u>Operating Activities:</u></b>	
Net loss after tax	1 851
Tax expense	3 507
Loss (gain) on sale of PPE	(2)
Interest paid	1 162
Depreciation expense	28 378
Changes in working capital	903
	<b><u>35 800</u></b>
<b><u>Investing Activities:</u></b>	
Export Hose/Chains - Adoon	(3 649)
Other Fixed Assets	-
	<b><u>(3 649)</u></b>
<b><u>Financing Activities:</u></b>	
Repayments of interest bearing loans	(30 703)
Non-cash effect of financing activities	(2 178)
	<b><u>(32 880)</u></b>
<u>Net change in cash</u>	<u>(729)</u>
Cash beginning period	68 791
Translation differences	-
<u>Cash ending period</u>	<u>68 062</u>

# Agenda

- Financial results Q4 2012
- **Operations and market**

# Long-term contracted cash-flow



# Operational update

## Knock Allan

- 100% commercial up-time
- Gas compressors delivering in accordance with contract

## Knock Adoon

- 100% commercial up-time
- Repair/upgrade to turbo-generator ongoing

## Petróleo Nautipa

- 100% commercial up-time
- Class Special behind schedule to be completed 1q 13

## Mark Lorenceau

- 100% commercial up-time



# Contract extension / Tender for extension

## **Petróleo Nautipa extension**

- Main commercial event in 2012
- Contract extended to Q3 2020 + two option years
- Life extension program in progress



## **Marc Lorenceau contract extension**

- Tender issued
- Technical bid submitted
- Time for commercial submission not confirmed
- Contract term expected to be 2-5 years



# Market Commentary - Highlights

➤ Projects in West Africa remain very limited, but improved inquiry flow towards the end of 2012 and new mid-size discoveries by «bankable» oil companies indicates a long awaited recovery of this market.

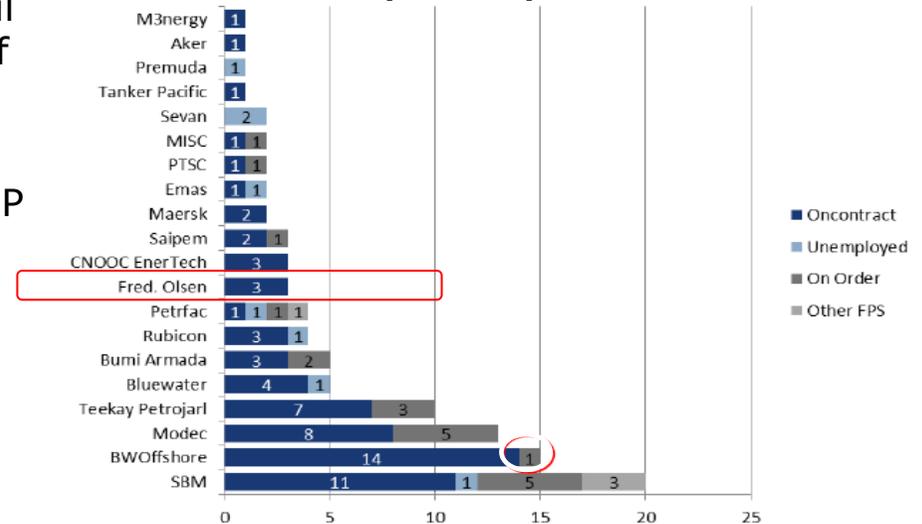
➤ Otherwise, no significant changes since last FOP presentation in October 2012:

- *The macro perspective: FPSO market is solid with growth predicted*
- *Number of contracts actually awarded continues to fall short of prognoses due to delays in awards*
- *Excluding giga-projects of Brazil & West Africa, the market is slow but steady.*

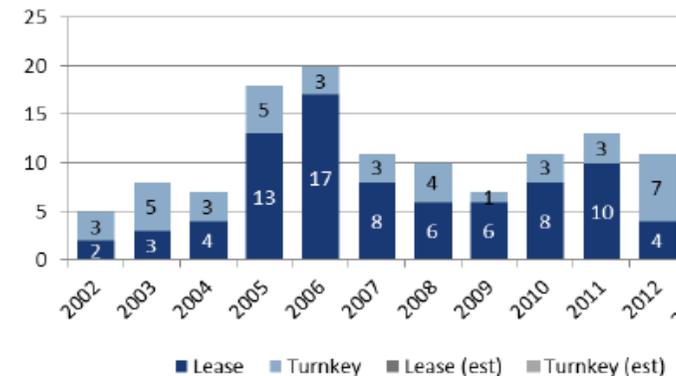
➤ Update on contract awards:

- 2012 was the slowest year on record since 2004
- Only 4 leased FPSO contracts were awarded
- No awards Q4 2012

Competitive position



FPSO Contract Award per Year



# Outlook

- FPSO market fundamentals remain positive, with increasing demand expected as a result of high energy demand, stable oil prices and a more consolidated FPSO supply side
- Only 4 lease contract awarded in 2012, lowest number of awards since 2004
- Petróleo Nautipa extension proves potential to add value to existing contracts, Knock Adoon has a good potential
- Outcome of strategic review including merger, sale or continued organic growth expected within 1H 13