

Fred. Olsen Energy ASA

Presentation 2Q results 2012

12 July 2012



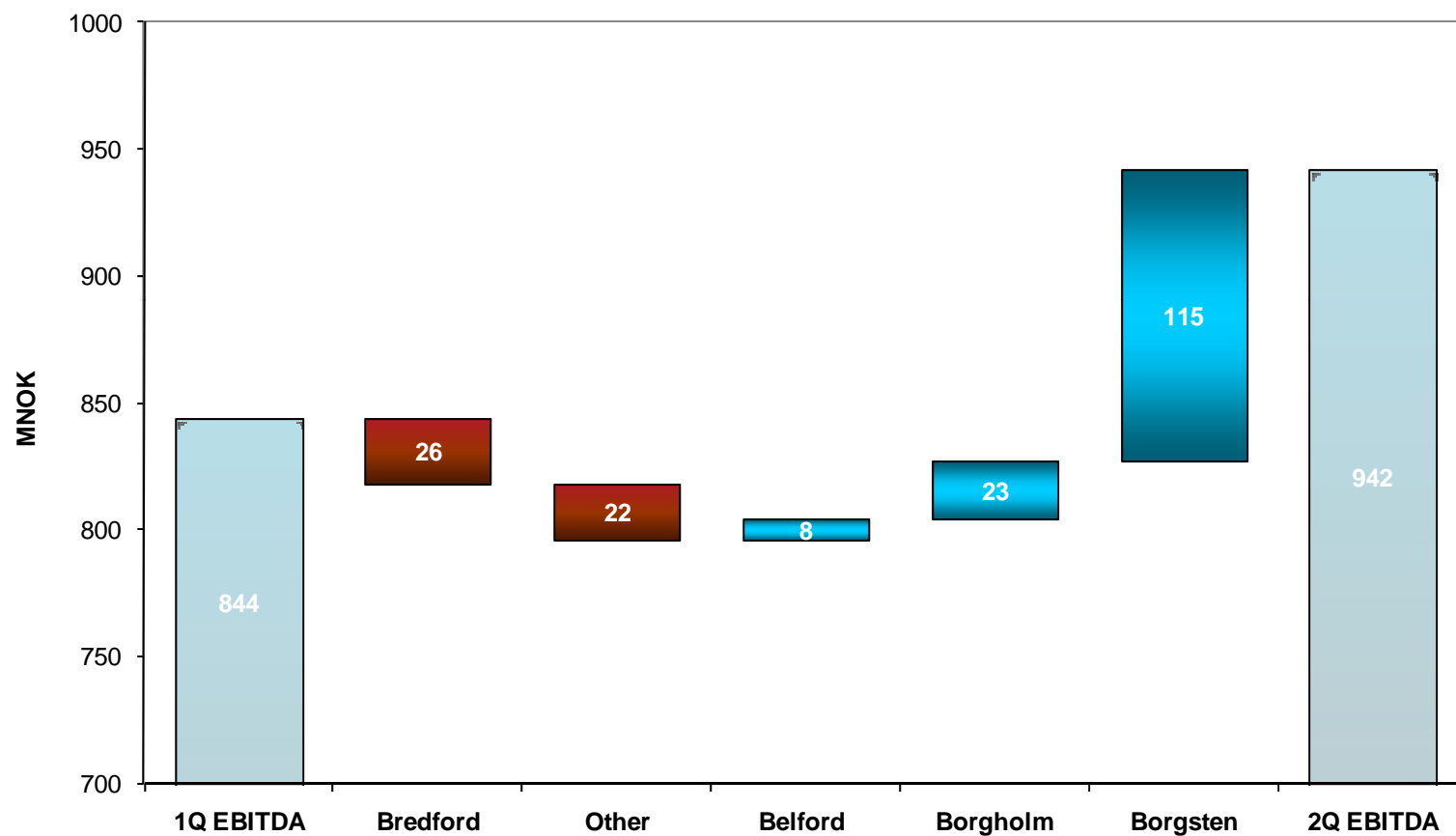
AGENDA

- **FINANCIAL RESULT 2Q 2012**
- MARKETS
- OPERATIONS
- SUMMARY

Income Statement – Key Figures

(NOK mill)	2Q 2012	1Q 2012
Operating revenues	1 710	1 530
Recharged income	32	76
Total revenues	1 742	1 606
Operating costs	(771)	(687)
Recharged expenses	(29)	(75)
Total operating expenses	(800)	(762)
Oper. result before depr. (EBITDA)	942	844
Depreciation	(326)	(338)
Impairment	-	-
Operating result (EBIT)	616	506
Net financial items	12	(111)
Result before tax	628	395
Estimated tax	(13)	(26)
Net result	615	369

EBITDA Comparison 2Q 2012 vs. 1Q 2012



Financial Items Breakdown

(NOK mill)	2Q 2012	1Q 2012
Interest income	2	3
Gains on financial instruments	6	15
Financial income	8	18
Interest expenses	(29)	(30)
Losses on financial instruments	(37)	(15)
Other financial expenses	(19)	(4)
Financial expenses	(85)	(49)
Net foreign currency gain/(loss)	89	(80)
Net financial items	12	(111)

Offshore Drilling Segment

(NOK mill)	2Q 2012	1Q 2012
Operating revenues	1 609	1 464
Recharged income	32	76
Total revenues	1 641	1 540
Operating costs	(676)	(623)
Recharged expenses	(29)	(75)
Total operating expenses	(705)	(698)
Oper. result before depr. (EBITDA)	936	842
Depreciation	(324)	(336)
Operating result (EBIT)	612	506

Engineering & Fabrication Segment

(NOK mill)	2Q 2012	1Q 2012
Operating revenues	101	66
Operating costs	(95)	(64)
Oper. result before depr. (EBITDA)	6	2
Depreciation	(2)	(2)
Operating result (EBIT)	4	-

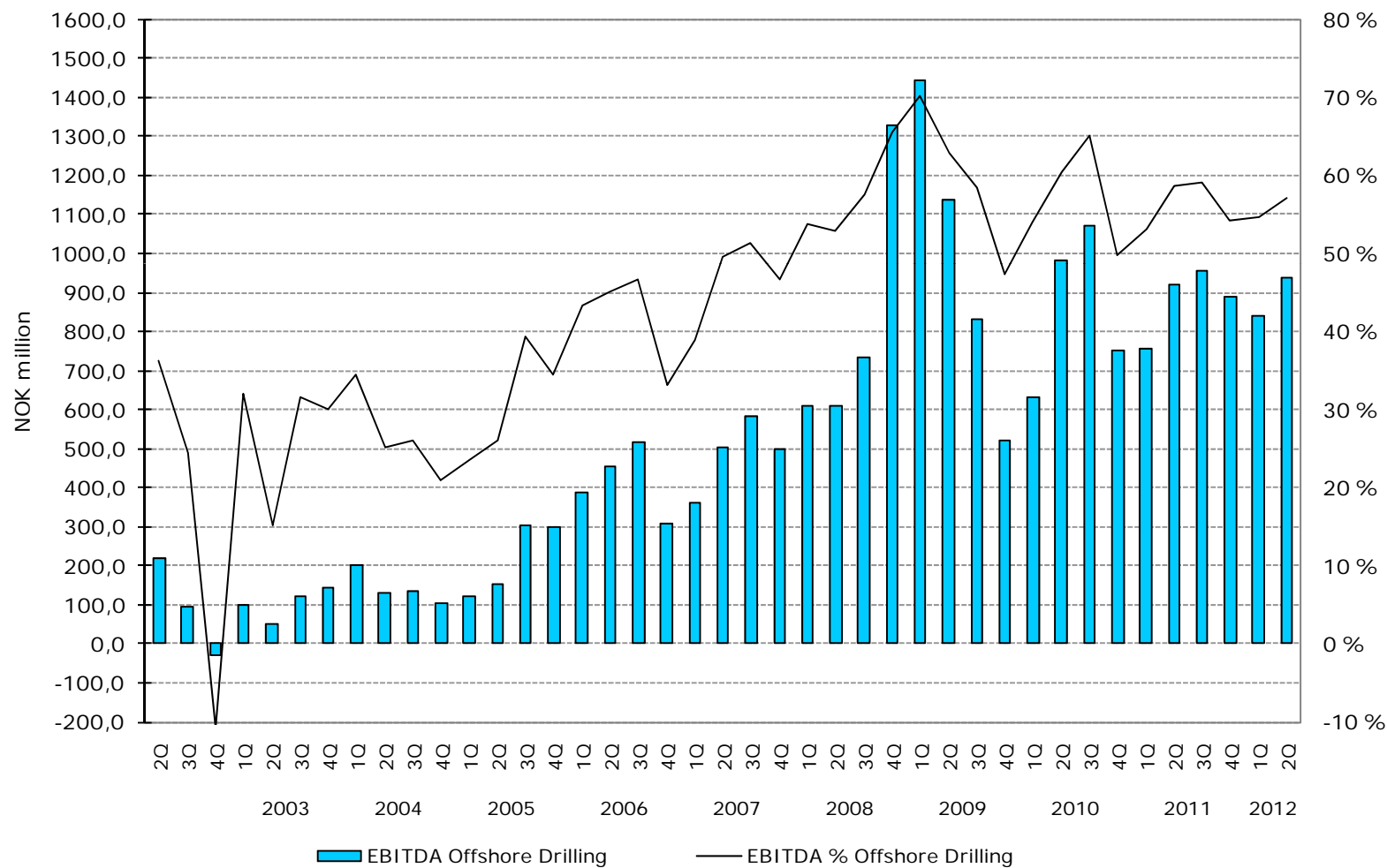
Consolidated Balance Sheet

(NOK mill)	2Q 2012	1Q 2012
Intangible assets	99	99
Property, plant & equipment	11 835	9 936
Other non-current assets	62	61
Total non-current assets	11 996	10 096
Other current assets	2 093	1 808
Cash and cash equivalents	1 111	2 040
Total current assets	3 204	3 848
Total assets	15 200	13 944
Equity	7 667	7 994
Non-current interest bearing debt	5 231	3 654
Other non-current liabilities	342	342
Total non-current liabilities	5 573	3 996
Current interest bearing debt	491	1 252
Current liabilities	1 469	702
Total current liabilities	1 960	1 954
Total equity and liabilities	15 200	13 944

Consolidated Cash Flow

(NOK mill)	2Q 2012	1Q 2012
Profit before income taxes	628	395
Depreciation and impairment	326	338
Interest expense	28	30
Changes in working capital	(90)	86
Unrealized loss/(gain) financial instruments	(6)	(15)
Cash generated from operations	886	834
Interest paid	(37)	(42)
Taxes paid	(8)	(27)
Net cash flow from operating activities	841	765
Net investment in fixed assets	(1 317)	(184)
Cash flow used in investment activities	(1 317)	(184)
Borrowing of loans	4 488	-
Repayment of loans	(3 709)	(641)
Dividend paid	(1 325)	-
Cash flow from financing activities	(546)	(641)
Foreign currency	93	(84)
Net change in cash and cash equivalents	(1 022)	(60)
Cash at beginning of period	2 040	2 184
Cash at end of period	1 111	2 040

Offshore drilling EBITDA and margin



Fleet status as per 12 July 2012

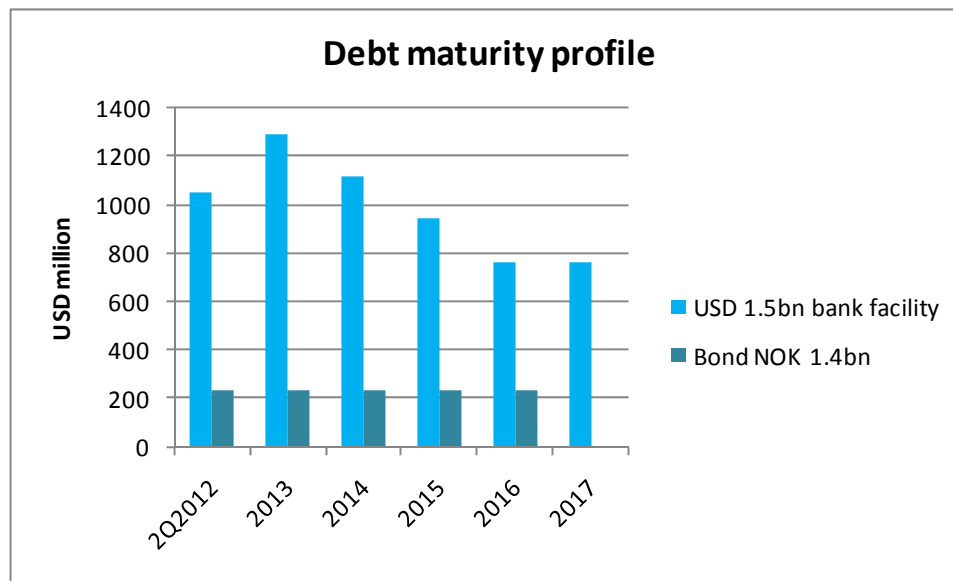
Rig	Type / design	W depth ft	Location	Client	Contract status	Day rate (in USD)	Next CR survey	
Ultra-deepwater and deepwater units								
Bolette Dolphin - delivery 3Q'13	Drillship	12 000	Mozambique	Anadarko	4Q 2013 - 4Q 2017	488 000	3Q 2018	
Belford Dolphin	Drillship	10 000	Mozambique	Anadarko	January '12 - December '15	480 000	1Q 2015	
Blackford Dolphin	SS / Aker H-3	7 000	Brazil	Anadarko	July '12 - November '12	351 000	3Q 2013	
				Karoon	November '12 - May '13	355 000		
				Anadarko	May '13 - September '13	365 000		
Midwater floaters Norway								
Bideford Dolphin	SS / Aker H-3	1 500	Norway	Statoil	January '11 - January '14	NOK 850' + USD 243'	2Q 2014	
Borgland Dolphin	SS / Aker H-3	1 500	Norway	Consortium*	January '10 - January '14	NOK 883' + USD 376'	4Q 2014	
Bredford Dolphin	SS / Aker H-3	1 500	Norway	Lundin	November '11 - September '13	NOK 890' + USD 204'	2/3Q 2012	
Midwater floaters UK - Brazil								
Borgsten Dolphin	SS / Aker H-3	1 500	UK	Valiant	March '12 - August '12	262 500	3Q 2012	
	Tender support services		UK	Total	December '12 -March '16	202 000		
					Option	April '16 - March '17		
Borgny Dolphin	SS / Aker H-3	2 300	Brazil	Petrobras	September '08-September '13	243 000	4Q 2014	
Byford Dolphin	SS / Aker H-3	1 500	UK	BP	April '10 - April '13	328 000	1Q 2014	
				BP	April '13 - April '16	345 500		
				Option	April '16 - April '19			
Accommodation floater								
Borgholm Dolphin	Acc. / Aker H-3		UK	BP	December '11-November '12	182 500/204 000	4Q 2012/	
				Option	December '12 - January '13	182 500	1Q 2013	

Participants in the consortium:

* BP, Total, E.ON Ruhrgas, OMV, Rocksource, Wintershall, Statoil

Financing

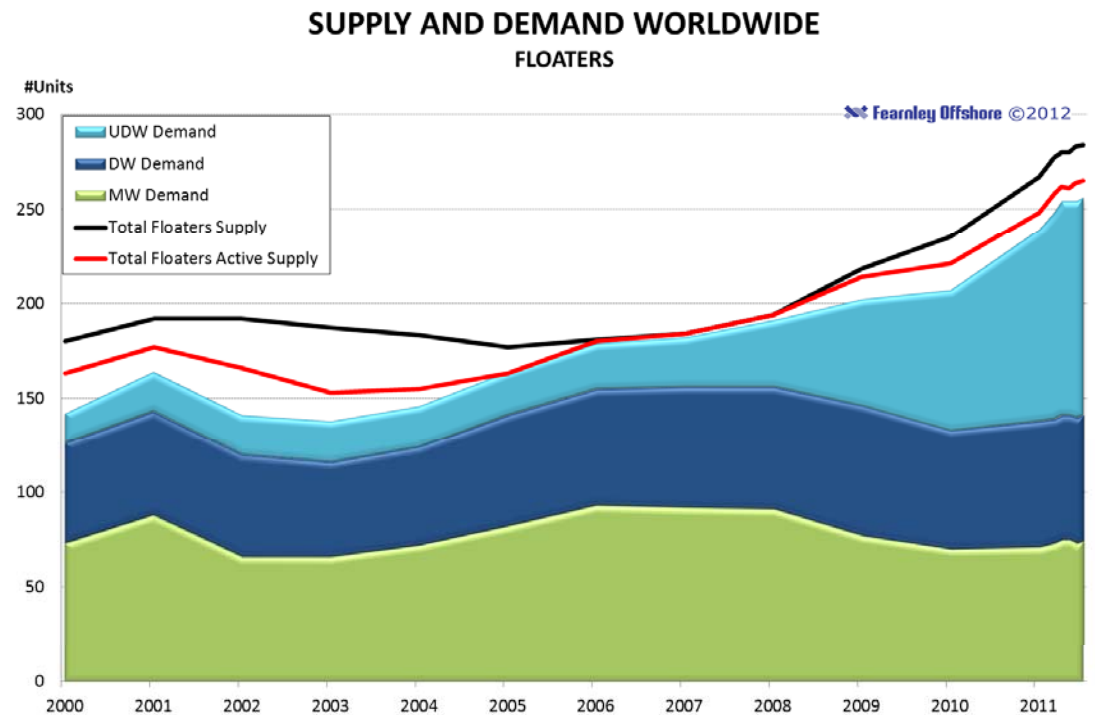
- Refinancing of existing bank loans in a new USD 1.5 billion facility completed in June 2012
- Five year tenor with quarterly installments
- USD 450 million available at delivery of Bolette Dolphin
- Margin of 3.25% + 3 months libor
- USD 750 million drawn as per 2Q 2012



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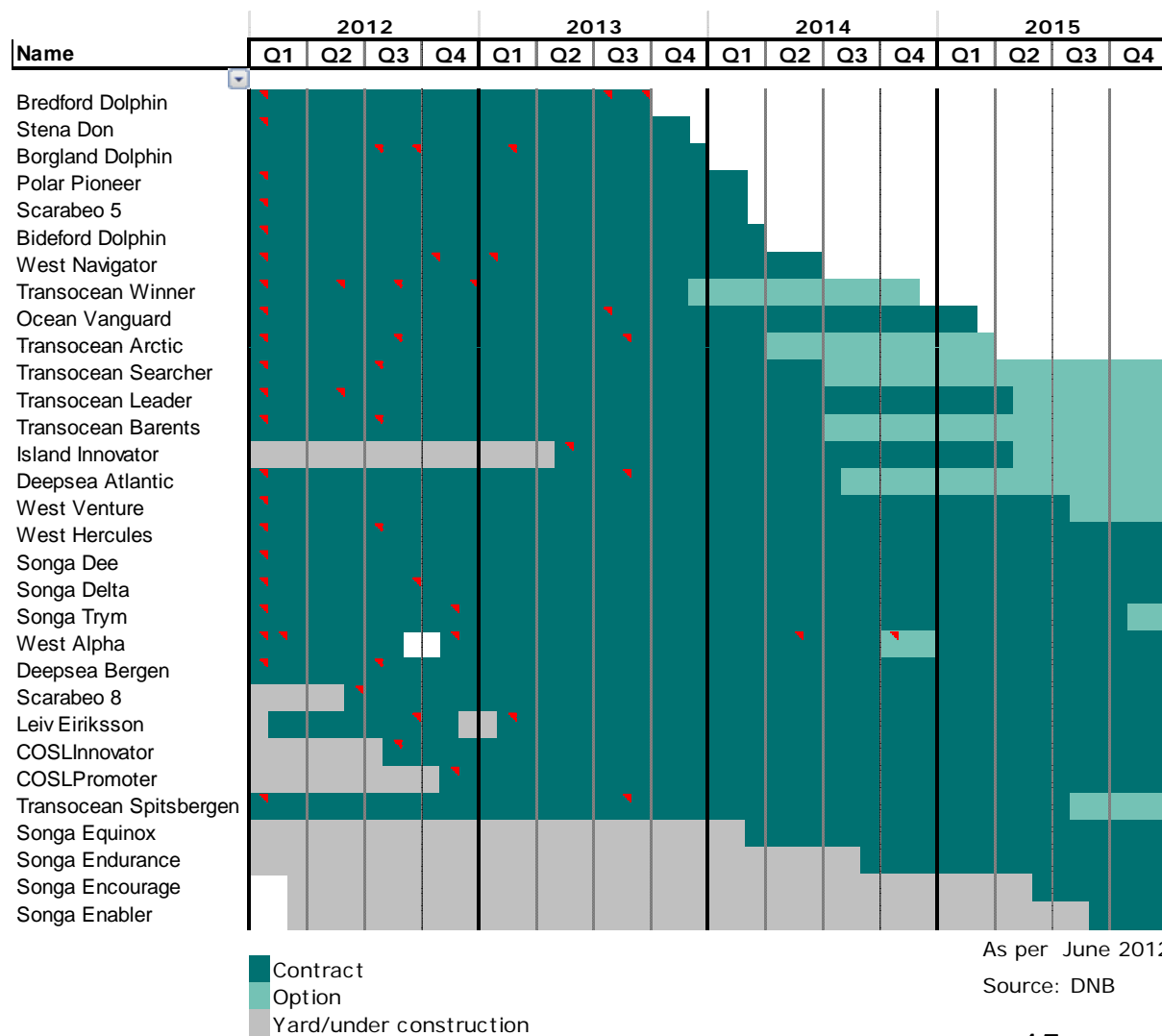
Global market outlook – floating units

- The ultra-deepwater market remains strong, with several new contracts at improved rate levels
- Stable activity in the mid-water and deepwater segments in most markets

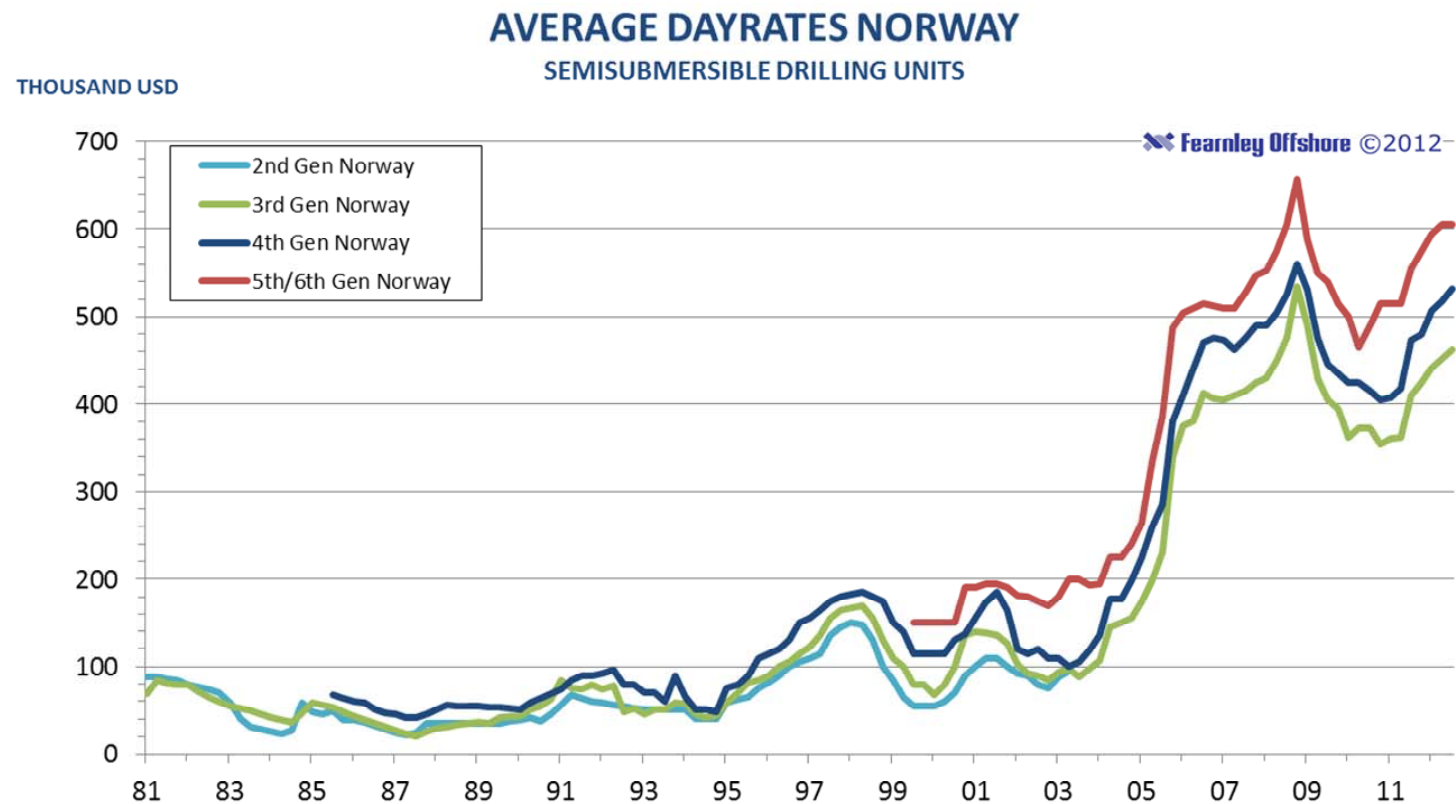


Norwegian floater market

- Tight market with few available rigs before 2014
- High contracting activity during the quarter
- Request and tendering activity with perspective from 2014 ongoing



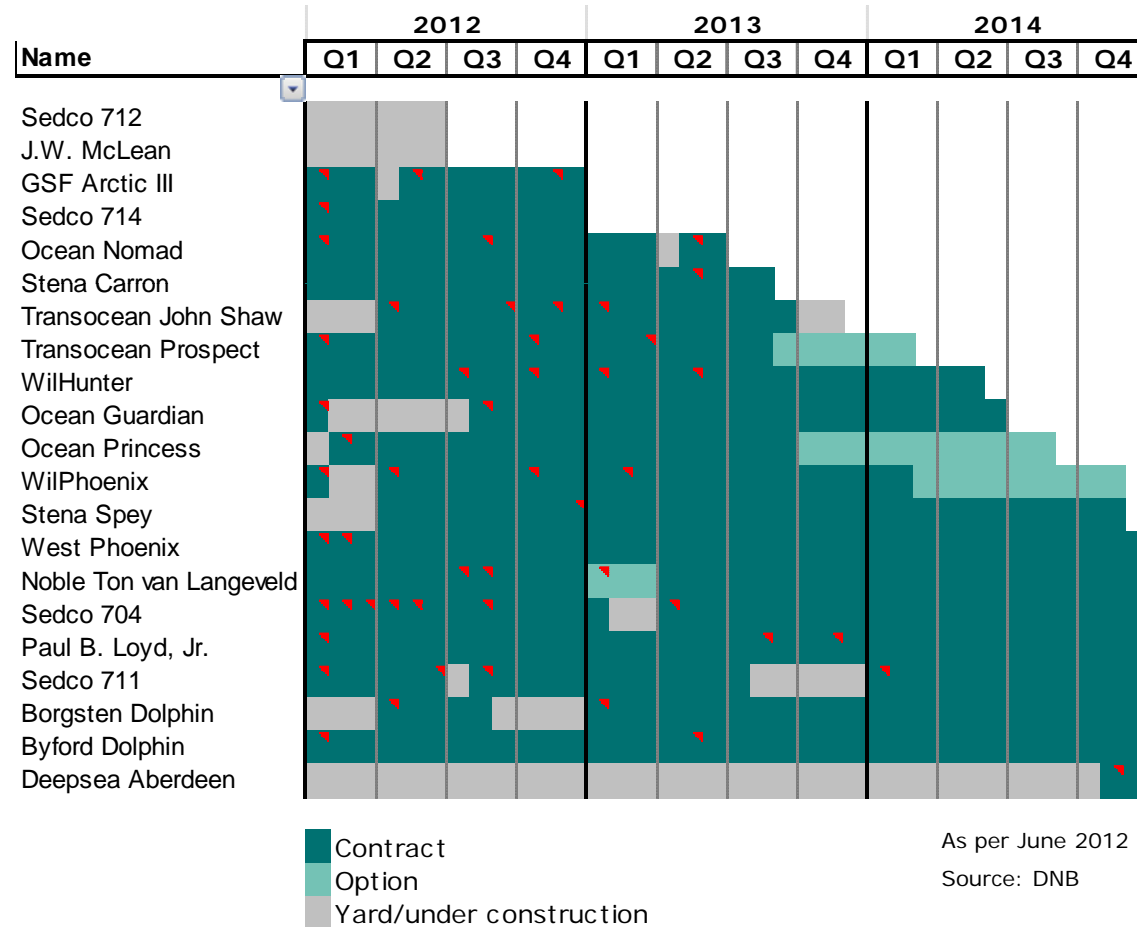
Average dayrates Norway



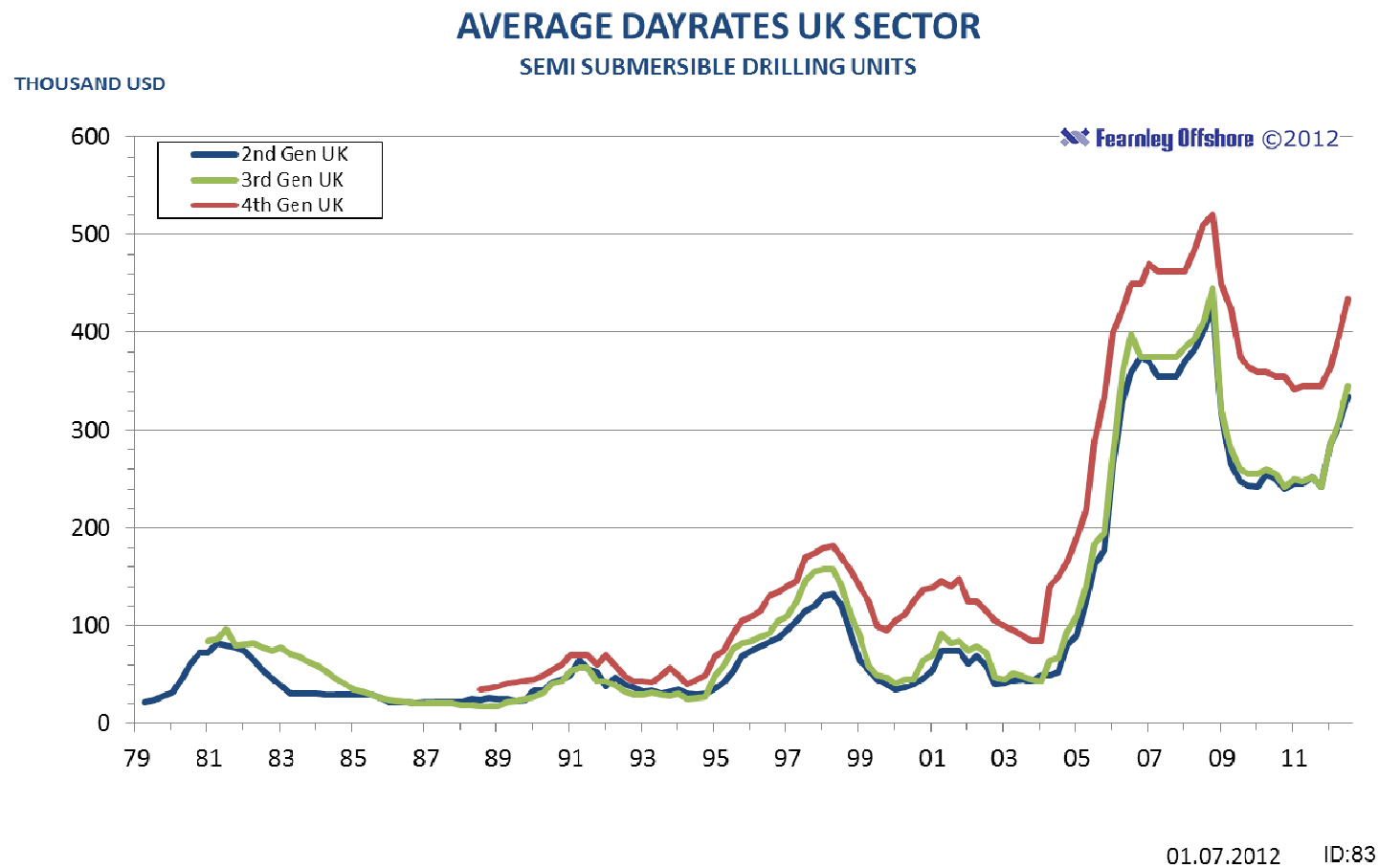
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UK floater market

- Strong market with high contracting activity
- Increased dayrates and longer term contracts have materialized
- The longer term outlook in the accommodation segment remains positive

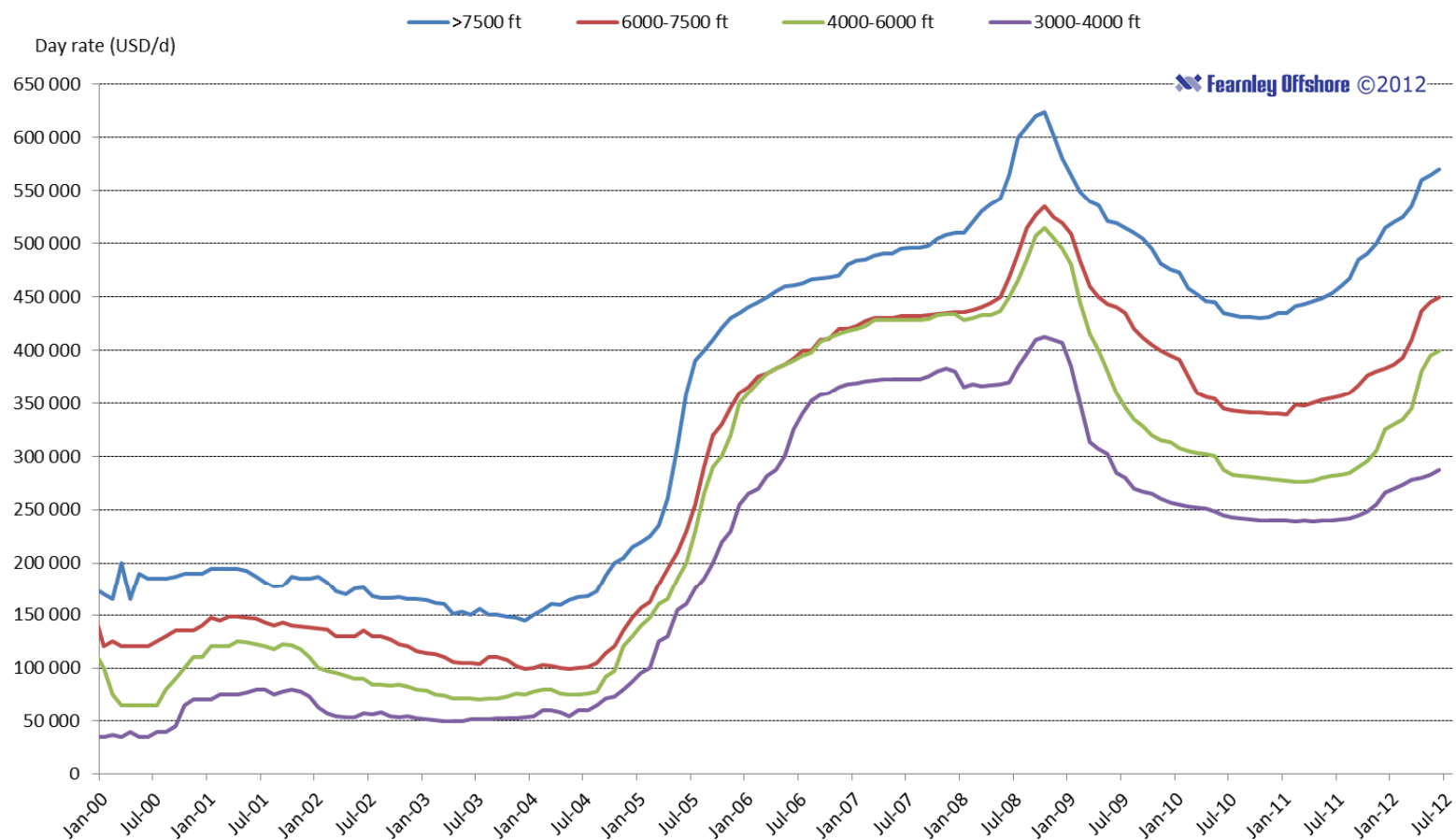


Average dayrates UK

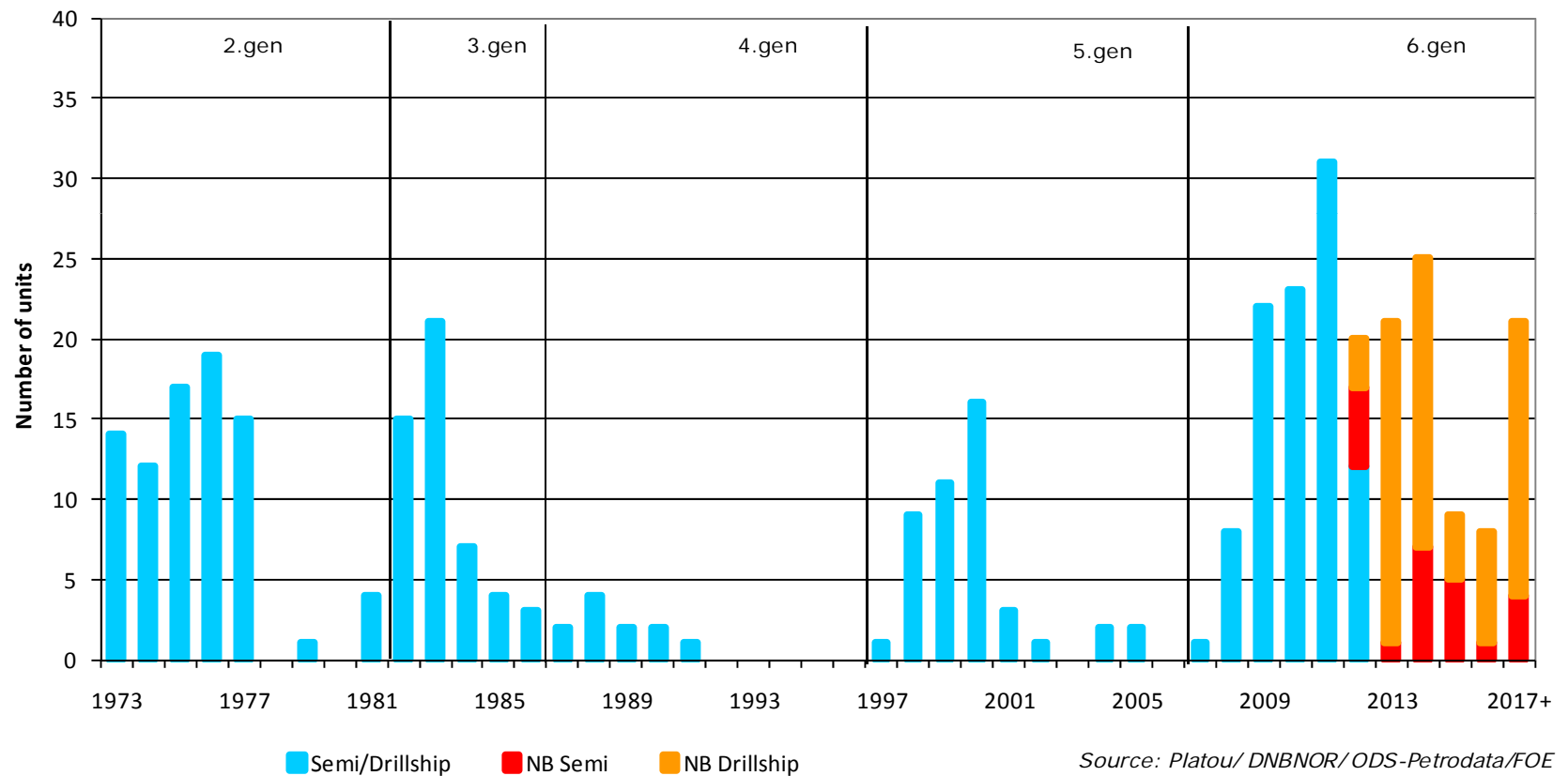


Dayrates deepwater drilling units worldwide

WORLDWIDE DEEPWATER DRILLING UNITS MARKET RATE ASSESSMENT BY WATER DEPTH SEGMENT

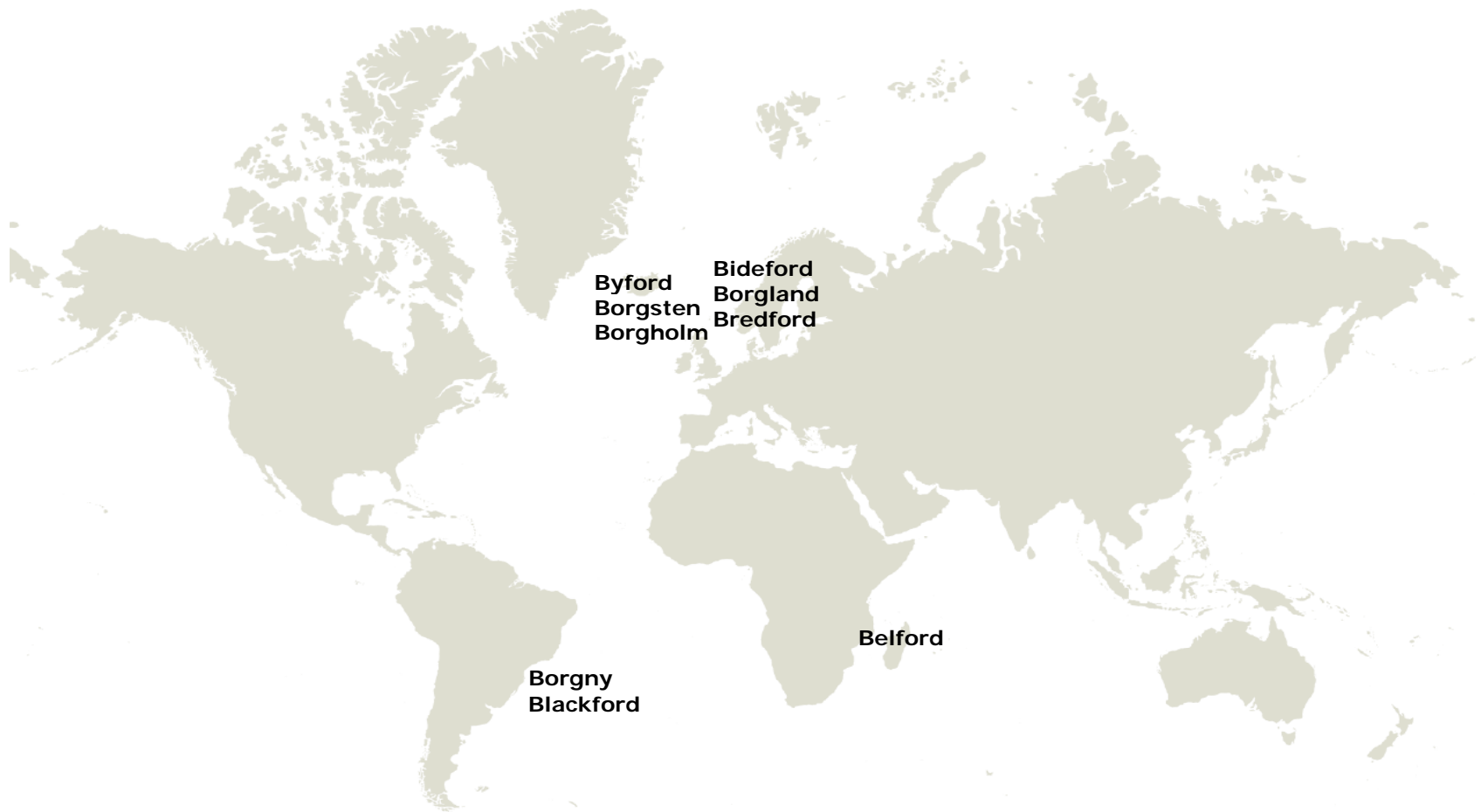


Global floater fleet and newbuilds

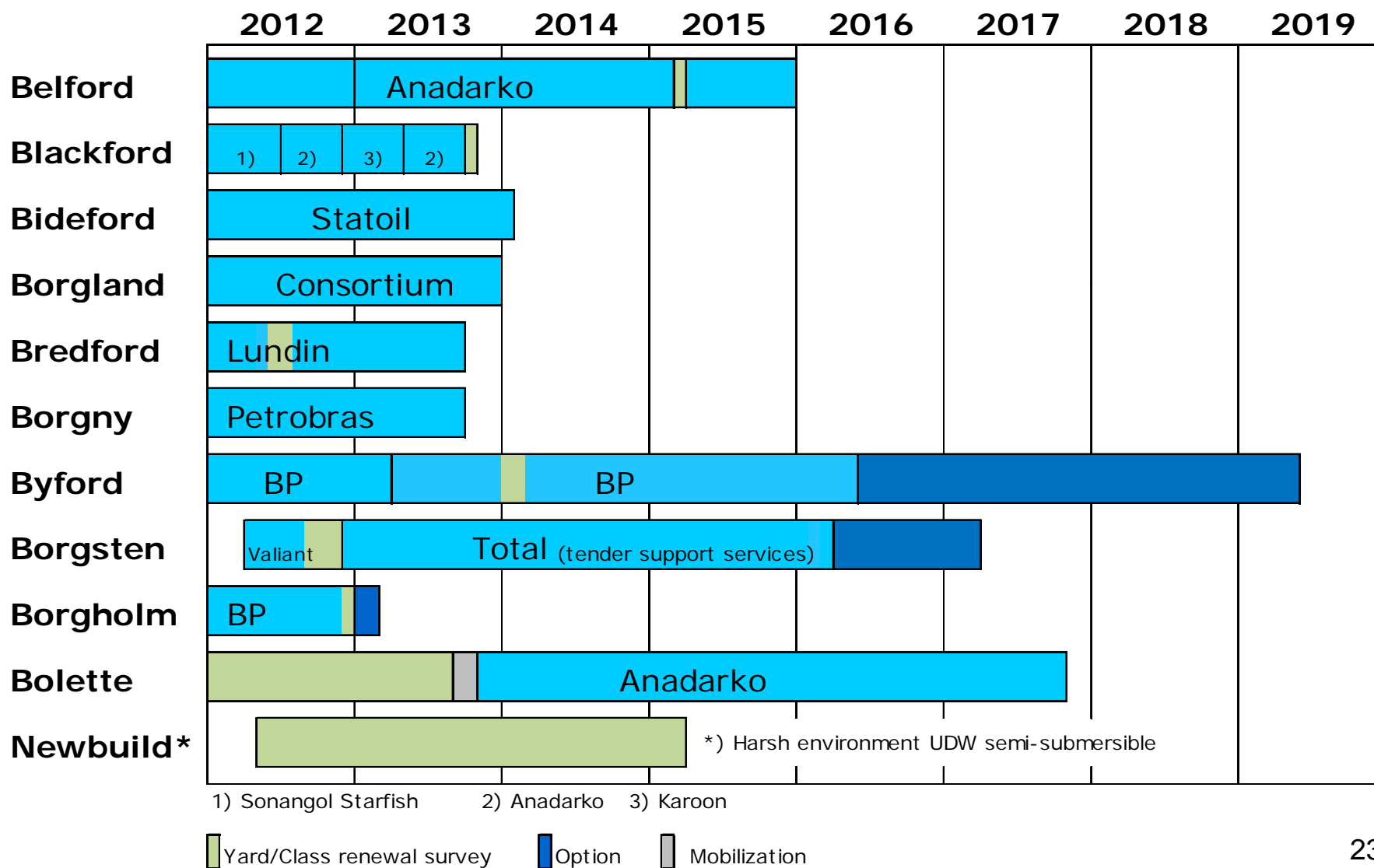


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Fred. Olsen Energy operating worldwide

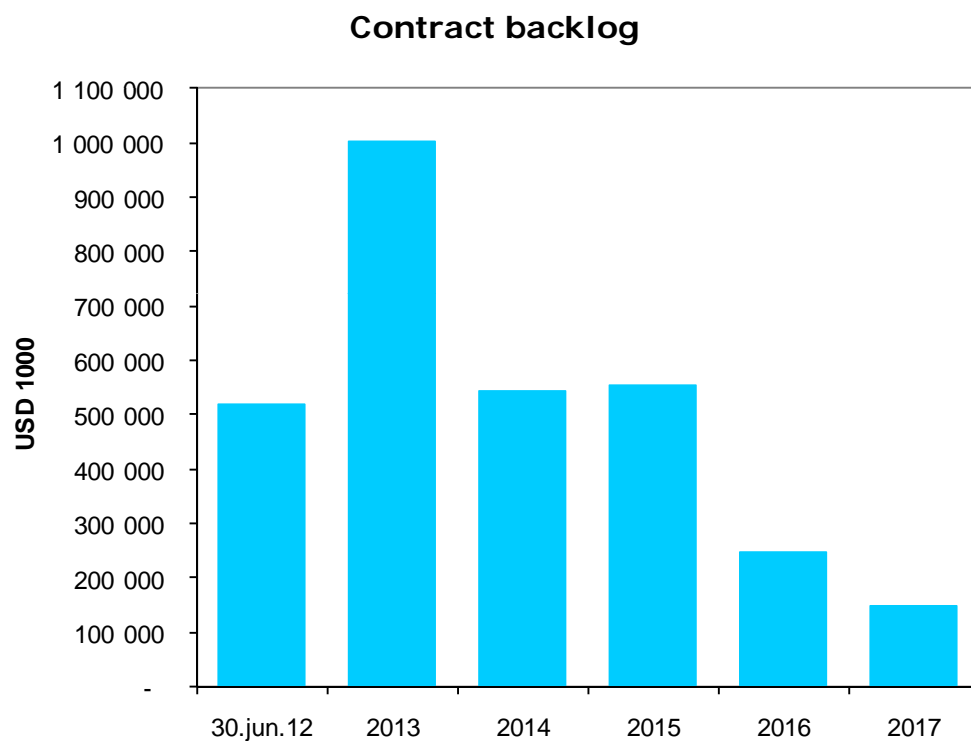


Contract schedule as per 12 July 2012

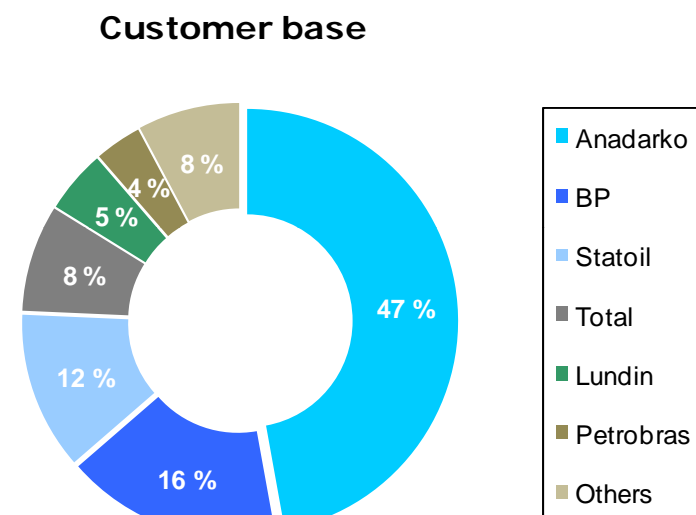


Average contract length of 26 months

Contract backlog and customer base



Total backlog approx. USD 3 billion



Order of a new harsh environment UDW semi-submersible

- Moss Maritime CS 60 E (Enhanced) design from Hyundai Heavy Industries Co., Ltd
- Estimated delivery 1Q 2015
- Total cost estimated to USD 700 million
- 30%-70% payment schedule
- 10,000 ft DP and 2000 ft moored
- Six ram BOP
- 200/140 bed capacity
- Focus on safe and efficient operations and completion drilling
- Fully compliant with NSC requirements
- Winterized for year round operations in the Barents Sea
- Green design - reduced emissions and fuel consumption



Ultra deepwater – Africa

Bolette Dolphin

- Drillship from Hyundai Heavy Industries with estimated delivery 3Q 2013
- In November 2011, a four-year contract with Anadarko was entered into for operations offshore Mozambique. Start of operation after delivery and mobilization
- Keel-laying to be commenced end of July 2012



Belford Dolphin

- Commenced a new four-year contract with Anadarko from January 2012
- Operating offshore Mozambique
- Next five-year class renewal survey to take place in 1Q 2015



Midwater - Norway

Bideford Dolphin

- Continued operations under a three-year drilling contract with Statoil estimated to expire end of January 2014
- Next five-year class renewal survey to take place 2Q 2014



Borgland Dolphin

- Continued operation under a four-year drilling contract with a consortium of originally eight oil companies, managed by RMN (Rig Management Norway), expiring January 2014
- Next five-year class renewal survey to take place 4Q 2014



Midwater - Norway / United Kingdom

Bredford Dolphin

- Continued under the drilling contract with Lundin Norway AS, estimated to be completed end of September 2013
- The class renewal survey at CCB was commenced mid June 2012 and estimated to be completed in approximately 60 days
- Total cost for the class renewal survey estimated to USD 90 million including upgrades



Borgholm Dolphin

- Accommodation unit with 303 bed capacity
- Continued operations under the BP contract, estimated to be completed December 2012
- BP has exercised two months of options, another two months of options exist
- Next class renewal survey estimated to take place end of 2012 or beginning of 2013



Midwater - United Kingdom (cont.)

Byford Dolphin

- Continued operation under a three-year drilling contract with BP Exploration expiring April 2013
- A new three-year contract with BP was entered into with commencement in direct continuation with current contract
- The unit will undertake an early class renewal survey and installation of a new five ram BOP in 1Q 2014



Borgsten Dolphin

- Continued under the three-well contract with Valiant Causeway Limited mid March 2012, estimated to be completed mid August
- New tender support services contract of 40 months duration with Total E&P UK, plus two six month options. Commencement beginning of December 2012
- The unit will undertake an early class renewal survey and upgrades prior to the Total contract



Deepwater/ midwater - Brazil

Blackford Dolphin

- Commenced operations under the one-well contract with Anadarko offshore Brazil, estimated to be completed mid November 2012
- A three-well contract with Karoon Petroleo & Gas S.A will start in direct continuation with the Anadarko contract. Estimated to be completed mid May 2013. A new one-well contract with Anadarko is entered into with commencement mid May 2013
- Next five-year class renewal survey in 4Q 2013



Borgny Dolphin

- Operating under a five-year drilling contract with Petrobras in Brazil, expiring September 2013
- Completed five-year class renewal survey and upgrade in April 2010



Harland & Wolff

- Focus on ship repair, ship building, steel fabrication and engineering services
- Holds a Waste Management License for ship demolition
- The yard area is serving as a logistics and assembly base for offshore windfarms
- Continued the construction of two substations for Siemens, estimated to be completed beginning of 3Q 2012
- Completion of dry docking and service of the SeaRose FPSO vessel in 3Q 2012



Summary

■ Financial

- Revenues were 1,742 million
- EBITDA was 942 million
- Profit before tax was 628 million
- Contract backlog amounting to approximately USD 3 billion
- Dividend of NOK 20 per share paid on 20 June 2012
- Refinancing of a USD 1.5bn bank facility completed in June

■ Operational

- New order of a new harsh environment UDW semi-submersible from Hyundai Heavy Industries Co., Ltd
- Blackford Dolphin commenced the Anadarko contract offshore Brazil end of June

■ Market

- New three-year contract for Byford Dolphin with BP in UK sector
- New one-well contract for Blackford Dolphin with Anadarko offshore Brazil
- BP exercised two options each of one month under the Borgholm Dolphin contract
- Average contract duration approximately 26 months

