

Fred. Olsen Energy ASA

2Q 2013 presentation

Oslo, 11 July 2013



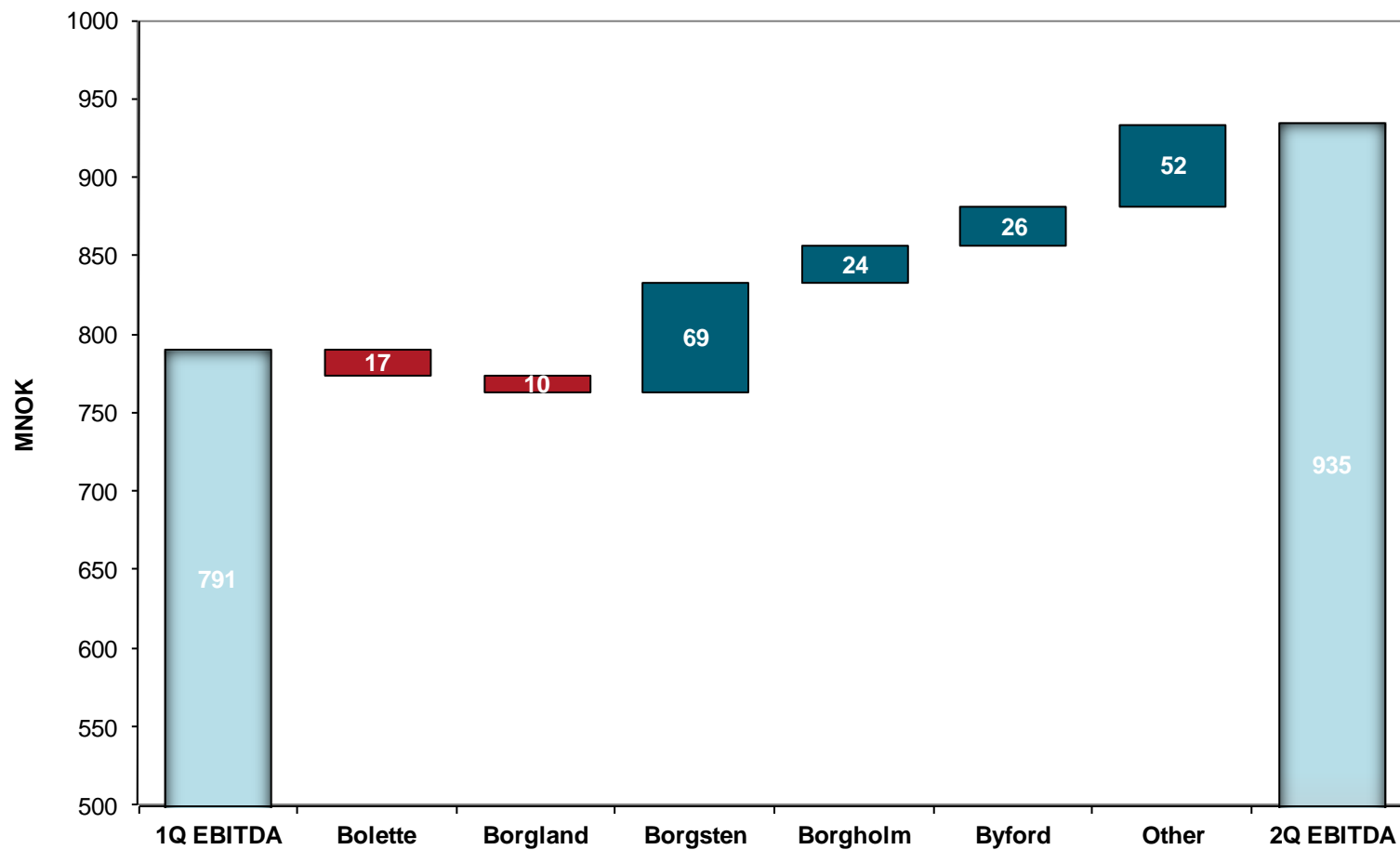
AGENDA

- **FINANCIAL RESULT 2Q 2013**
- MARKETS
- OPERATIONS
- SUMMARY

Income Statement – Key Figures

(NOK mill)	2Q 2013	1Q 2013
Operating revenues	1 712	1 536
Recharged income	76	55
Total revenues	1 788	1 591
Operating costs	(780)	(747)
Recharged expenses	(73)	(53)
Total operating expenses	(853)	(800)
Oper. result before depr. (EBITDA)	935	791
Depreciation	(354)	(345)
Operating result (EBIT)	581	446
Net financial items	(8)	23
Result before tax	573	469
Estimated tax	(23)	(25)
Net result	550	444

EBITDA Comparison 2Q 2013 vs. 1Q 2013



Financial Items Breakdown

(NOK mill)	2Q 2013	1Q 2013
Interest income	2	4
Gains on financial instruments	47	21
Financial income	49	25
Interest expenses	(54)	(54)
Capitalized borrowing cost (projects)	26	24
Losses on financial instruments	(16)	(31)
Other financial expenses	(17)	(38)
Financial expenses	(61)	(99)
Net foreign currency gain/(loss)	4	97
Net financial items	(8)	23

Offshore Drilling Segment

(NOK mill)	2Q 2013	1Q 2013
Operating revenues	1 660	1 492
Recharged income	76	55
Total revenues	1 736	1 547
Operating costs	(733)	(705)
Recharged expenses	(73)	(53)
Total operating expenses	(806)	(758)
Oper. result before depr. (EBITDA)	930	789
Depreciation	(352)	(342)
Operating result (EBIT)	578	447

Engineering & Fabrication Segment

(NOK mill)	2Q 2013	1Q 2013
Operating revenues	52	44
Operating costs	(47)	(42)
Oper. result before depr. (EBITDA)	5	2
Depreciation	(3)	(2)
Operating result (EBIT)	2	-

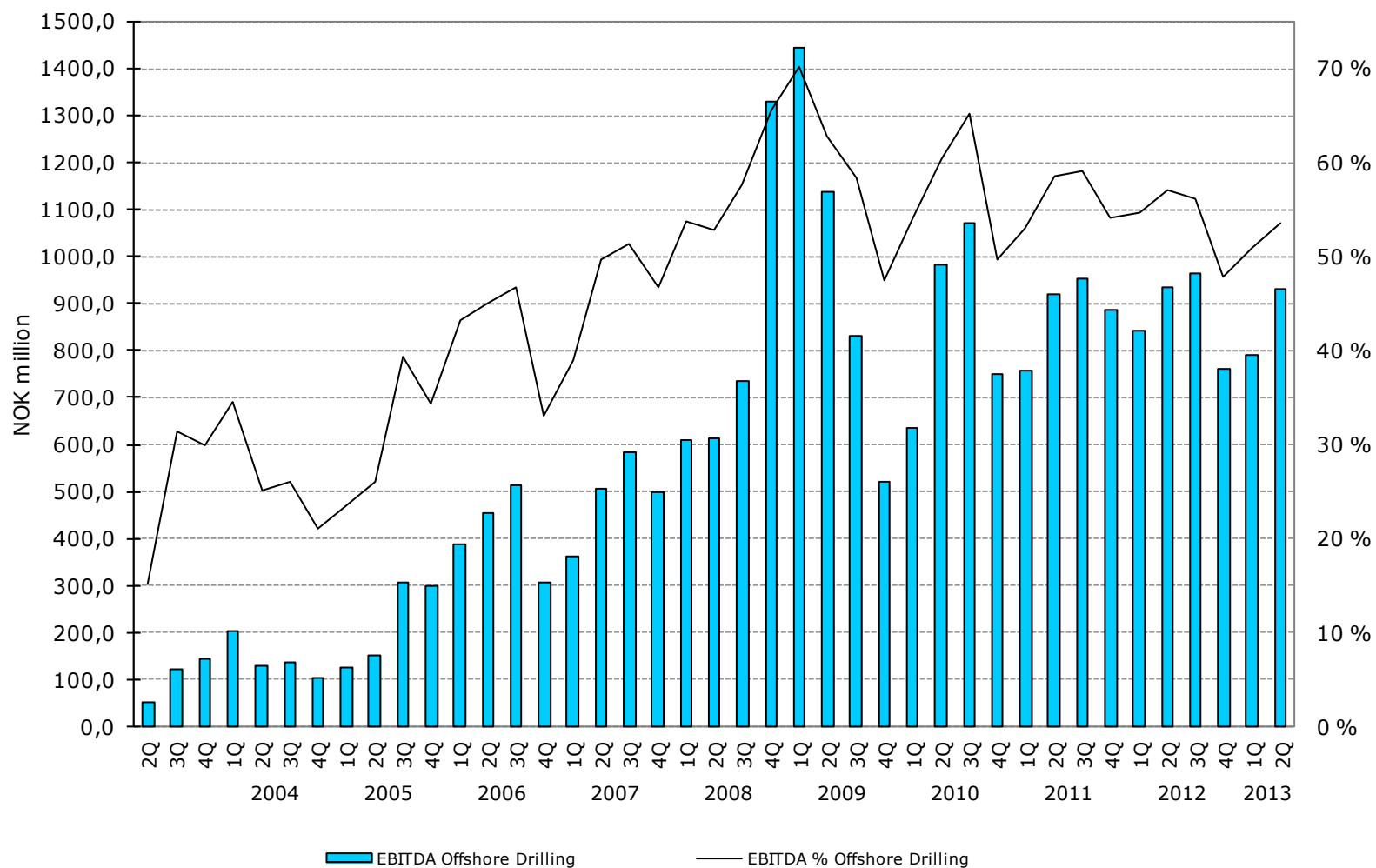
Consolidated Balance Sheet

(NOK mill)	2Q 2013	1Q 2013
Intangible assets	99	99
Property, plant & equipment	14 095	13 494
Other non-current assets	160	157
Total non-current assets	14 354	13 750
Other current assets	2 108	1 897
Cash and cash equivalents	1 101	1 396
Total current assets	3 209	3 293
Total assets	17 563	17 043
Equity	7 892	8 379
Non-current interest bearing debt	4 720	4 051
Other non-current liabilities	683	683
Total non-current liabilities	5 403	4 734
Current interest bearing debt	791	764
Current liabilities newbuilds	2 258	2 005
Other current liabilities	1 219	1 161
Total current liabilities	4 268	3 930
Total equity and liabilities	17 563	17 043

Consolidated Cash Flow

(NOK mill)	2Q 2013	1Q 2013
Profit before income taxes	573	469
Depreciation and impairment	354	345
Interest expense	28	30
Gain on sale of assets	-	1
Changes in working capital	(73)	(275)
Unrealized loss/(gain) financial instruments	(34)	(2)
Cash generated from operations	848	568
Interest paid	(54)	(55)
Taxes paid	(31)	(10)
Net cash flow from operating activities	763	503
Net investment in fixed assets	(340)	(235)
Cash flow used in investment activities	(340)	(235)
Borrowing of loans	678	-
Repayment of loans	(118)	(287)
Dividend paid	(1 325)	-
Cash flow from financing activities	(765)	(287)
Foreign currency	47	28
Net change in cash and cash equivalents	(342)	(19)
Cash at beginning of period	1 396	1 387
Cash at end of period	1 101	1 396

Offshore drilling EBITDA and margin



Fleet status

Rig	Type / design	W depth ft	Location	Client	Contract status	Day rate (in USD)	Next CR survey
Ultra-deepwater and deepwater units							
Bollsta Dolphin - delivery 1Q'15	SS / Moss	10 000	UK	Chevron	1Q 2015- 2Q 2020	560 000	1Q 2020
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	484 000	1Q 2015
Blackford Dolphin	SS / Aker H-3	7 000	Brazil	Anadarko	June '13 - September '13	365 000	4Q 2013
			UK	MPX	February '14-March '14	419 000	
			Ireland	Capricorn	April '14-June '14	467 000	
Midwater floaters Norway							
Bideford Dolphin	SS / Aker H-3	1 500	Norway	Statoil	January '11 - January '14	NOK 916' + USD 243'	2Q 2014
				Statoil	February '14 - February '17	NOK 990 + USD 301'	
				Option	February '17 - February '19	NOK 990 + USD 301'	
Borgland Dolphin	SS / Aker H-3	1 500	Norway	Consortium*	January '10 - February '14	NOK 970' + USD 376'	4Q 2014
				Consortium**	February '14 - September '17	NOK 990' + USD 354'	
Bredford Dolphin	SS / Aker H-3	1 500	Norway	Lundin	November '11 -December '14	NOK 957' + USD 204'	2Q 2017
				Consortium***	January '14 - March '16	NOK 970' + USD 274'	
				Option	April '16 - February '17	NOK 970' + USD 274'	
Midwater floaters UK - Brazil							
Borgny Dolphin	SS / Aker H-3	2 300	Brazil	Petrobras	September '08-September '14	243 000	4Q 2014
Byford Dolphin	SS / Aker H-3	1 500	UK	BP	April '13 - April '16	345 500	1Q 2015
				Option	May '16 - April '19		
Borgsten Dolphin	Tender support / AH-3		UK	Total	February '13 -May '16	202 000/ 240 500 incl. capital contribution	1Q 2018
				Option	June '16 - June '17		
Borgholm Dolphin	Accommodation / AH-3		UK	Shell	May '13- June '14	245 000	4Q 2017
				BG	August '14- April '15	240 000	
				Option	May '15 - June '15	240 000	

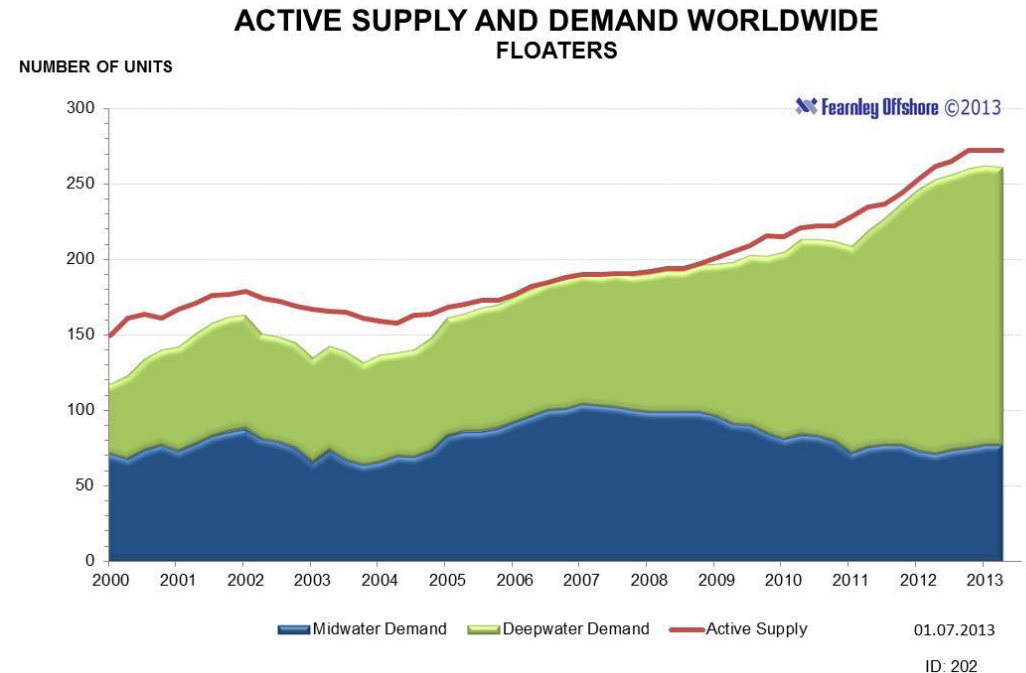
Participants in the consortiums:

* BP, Total, E.ON Ruhrgas, OMV, Rocksource, Wintershall, Statoil ** Wintershall, Tullow Oil, E.ON Ruhrgas, Suncor Energy *** RWE DEA, Lundin, Noreco, Repsol

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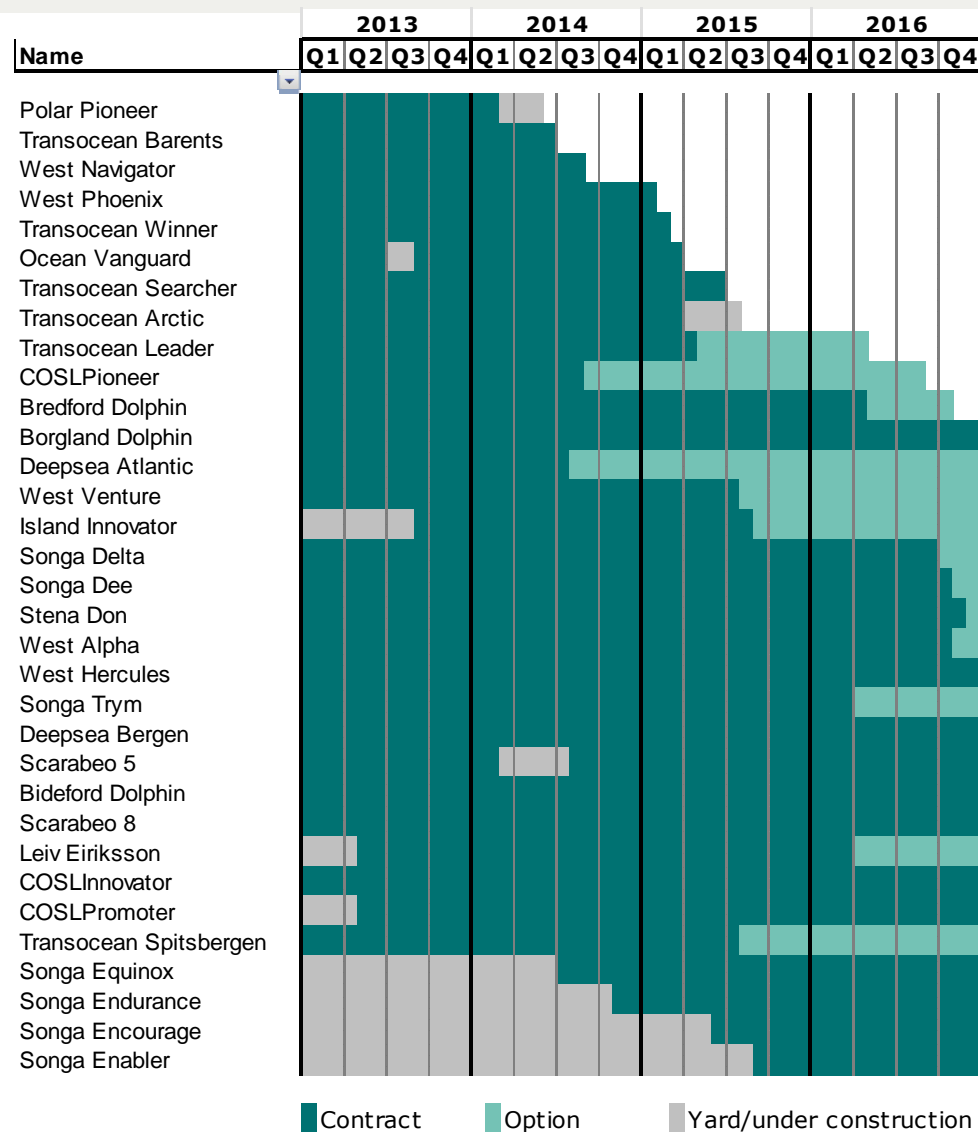
Global market outlook – floating units

- Healthy activity in the ultra deepwater segment with rate levels maintained for new contracts
- Stable in deep- and midwater markets
- North Sea market strong with few available rigs the next years

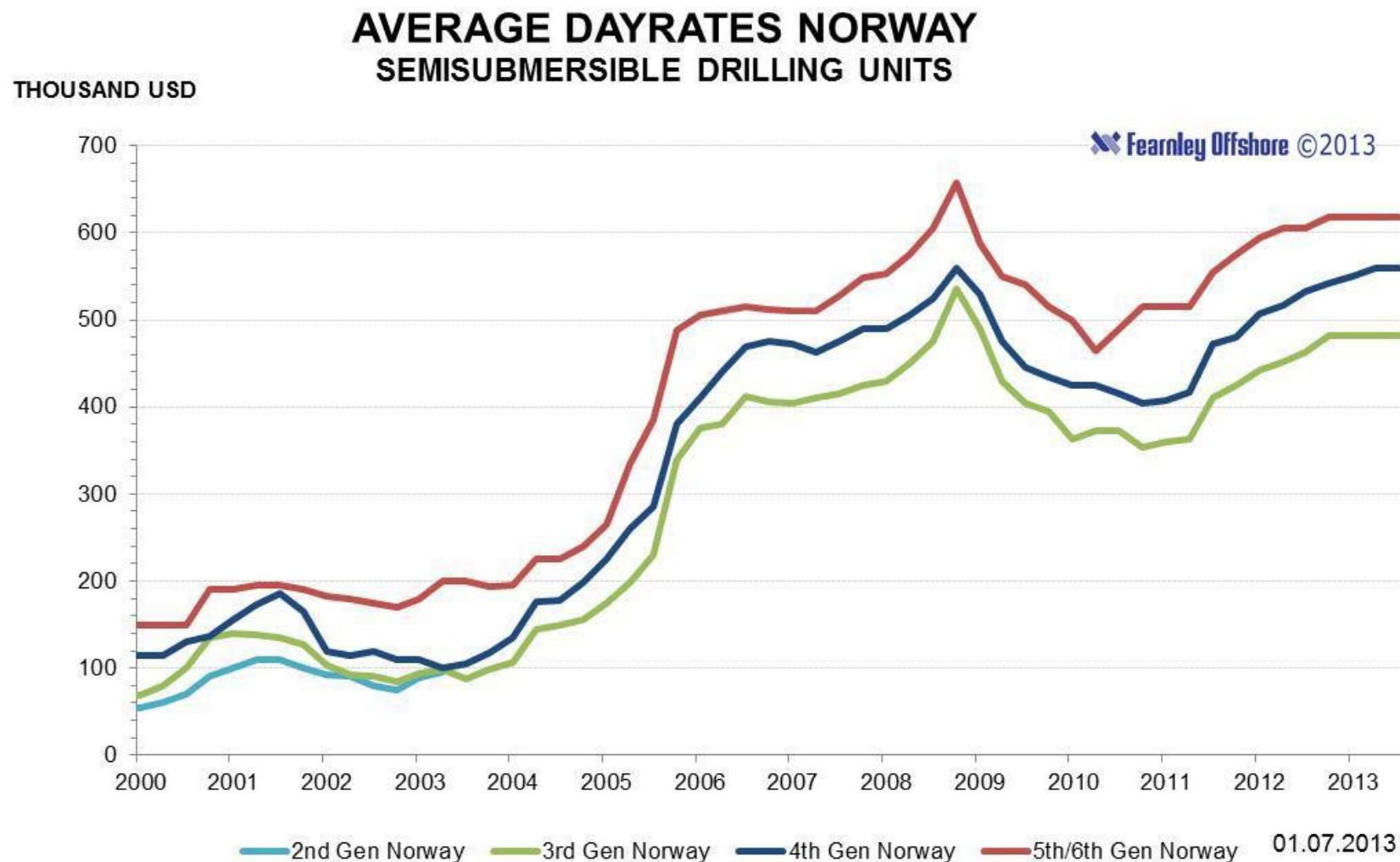


Norwegian floater market

- In general a high activity on the Norwegian Continental Shelf
- Tight market with few available units before 2015
- Few new contracts during the quarter
- Continued demand both for exploration and development projects

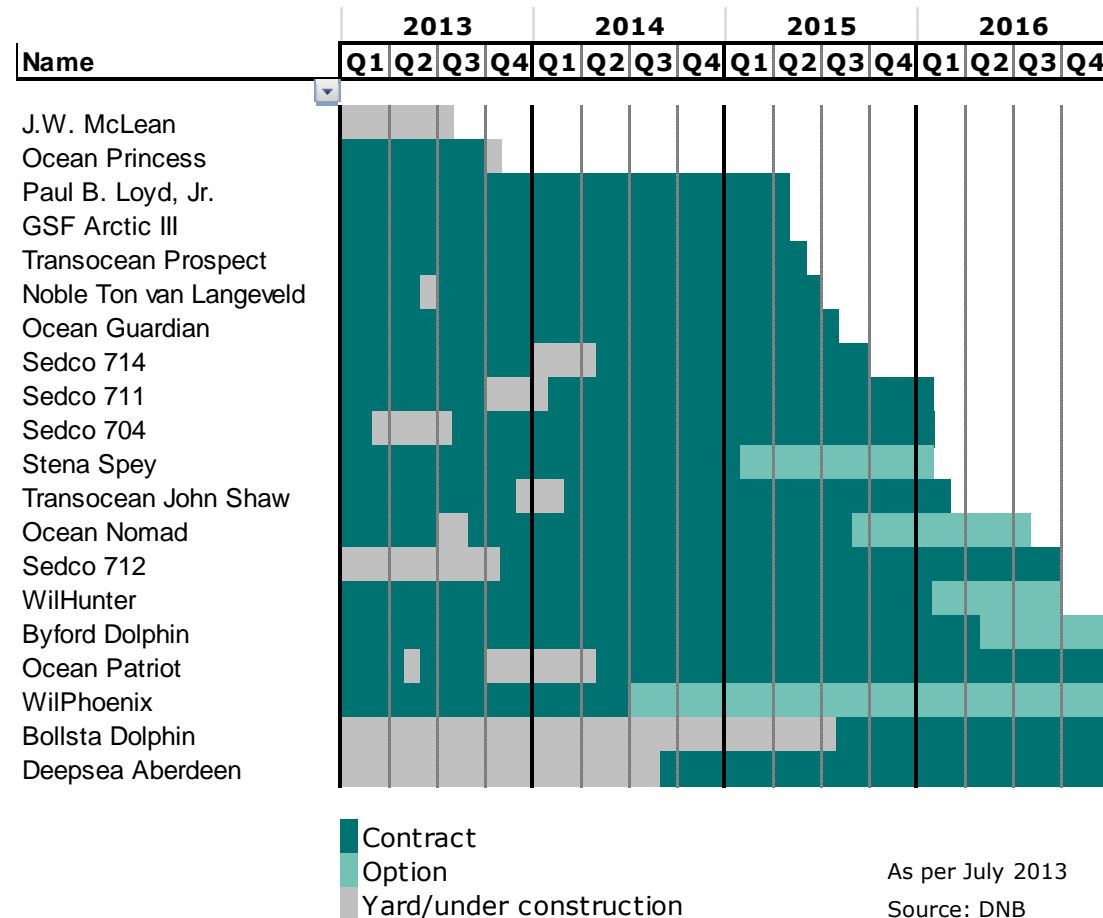


Average dayrates Norway

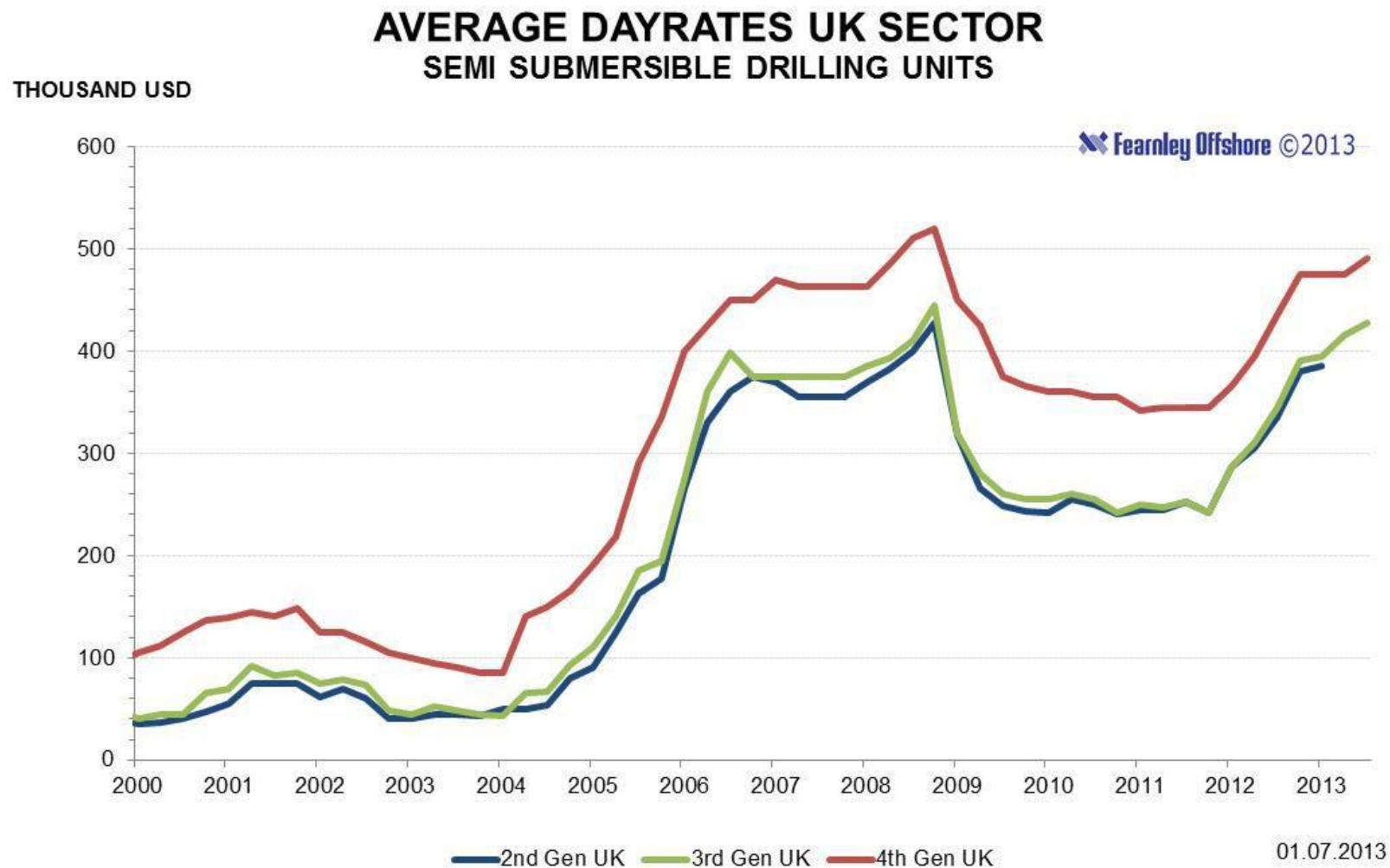


UK floater market

- Has become more like a longer term market, compared to the spot oriented feature of this market only a few years ago
- Blackford Dolphin will enter this market in 2014
- Still strong demand for accommodation units



Average dayrates UK

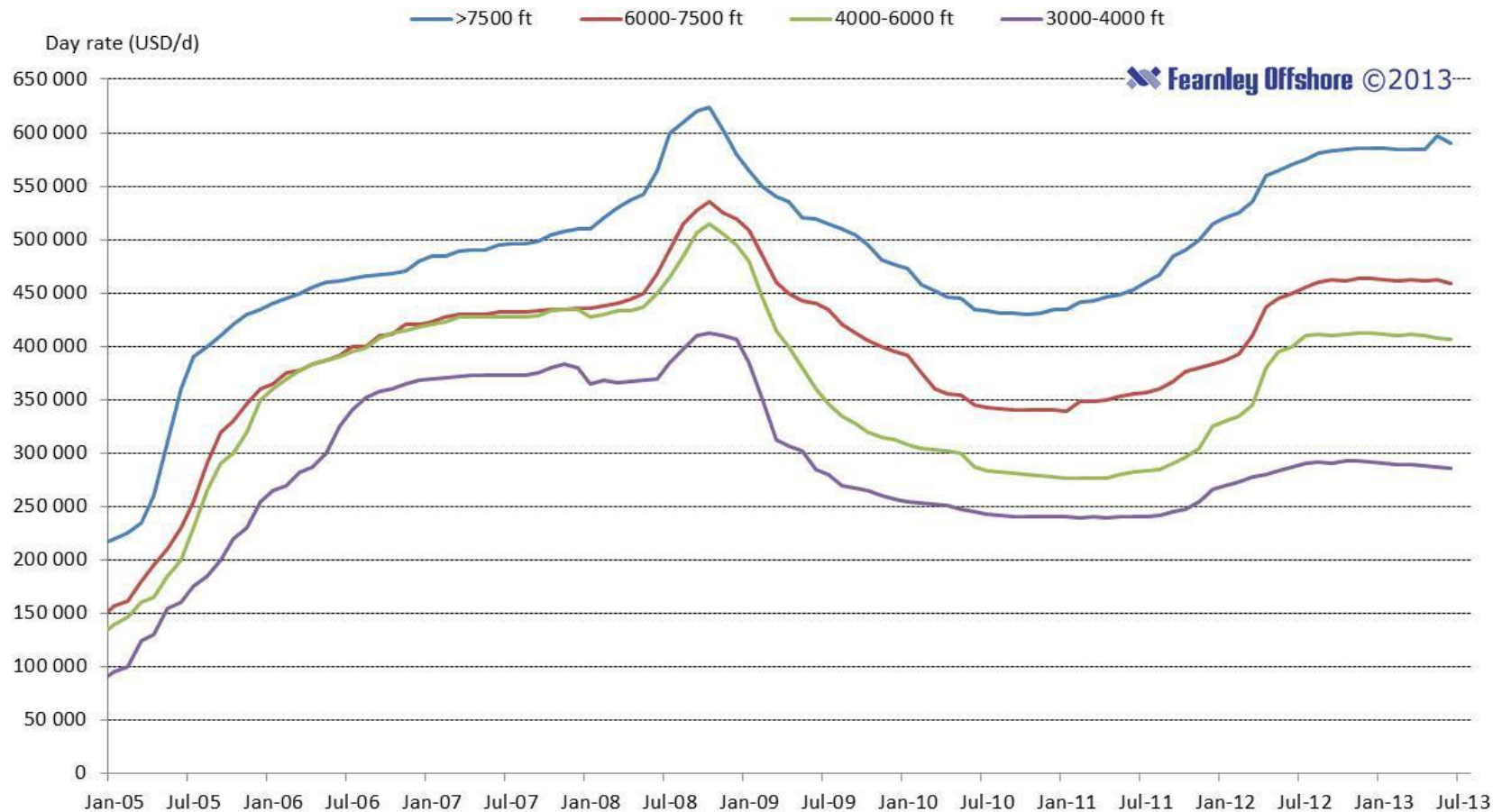


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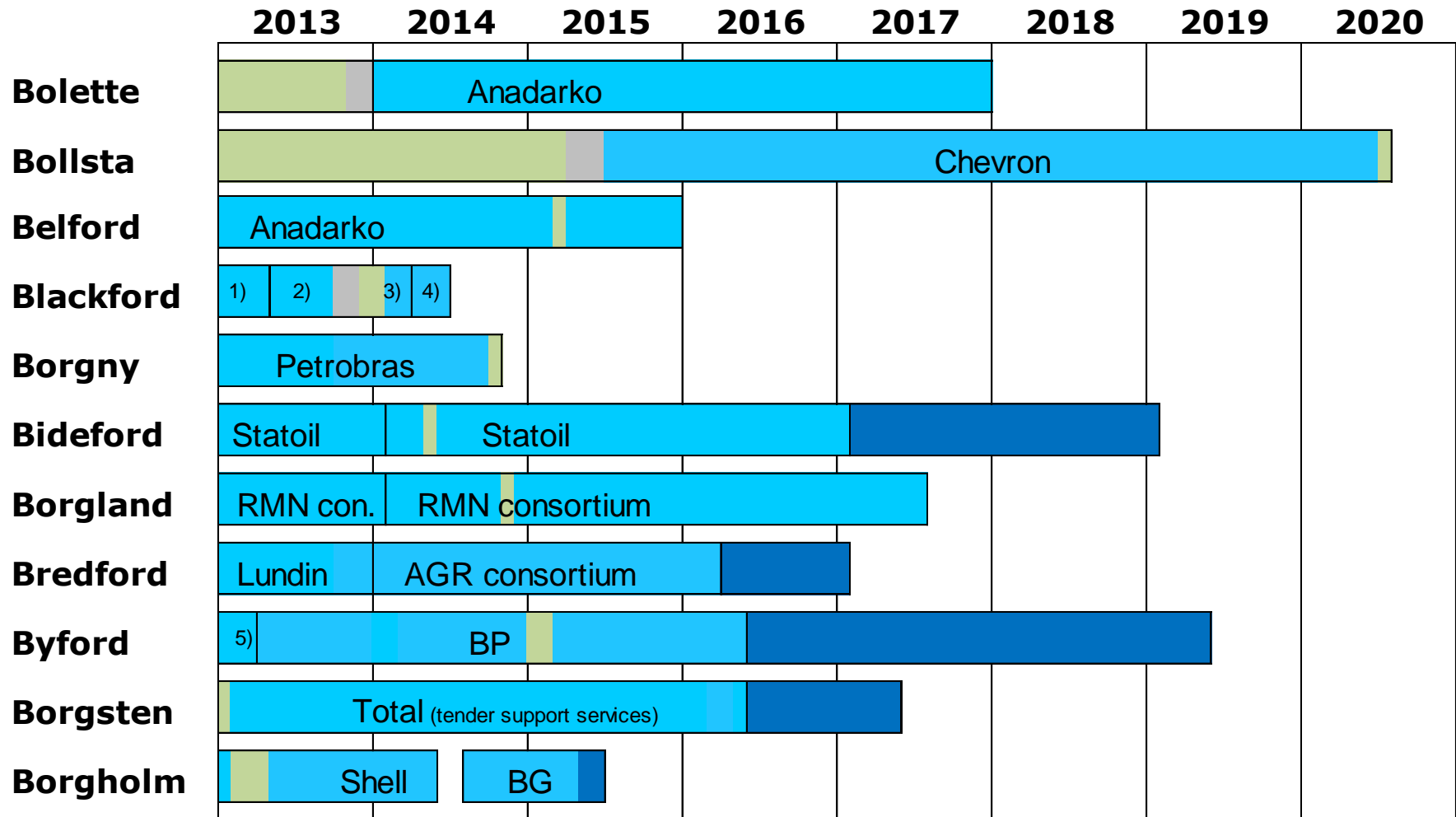
Dayrates deepwater drilling units worldwide

WORLDWIDE DEEPWATER DRILLING UNITS MARKET RATE ASSESSMENT BY WATER DEPTH SEGMENT



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Contract overview

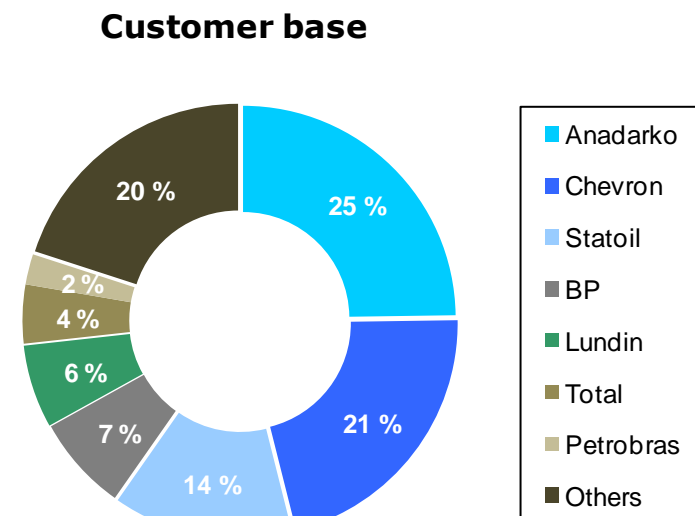
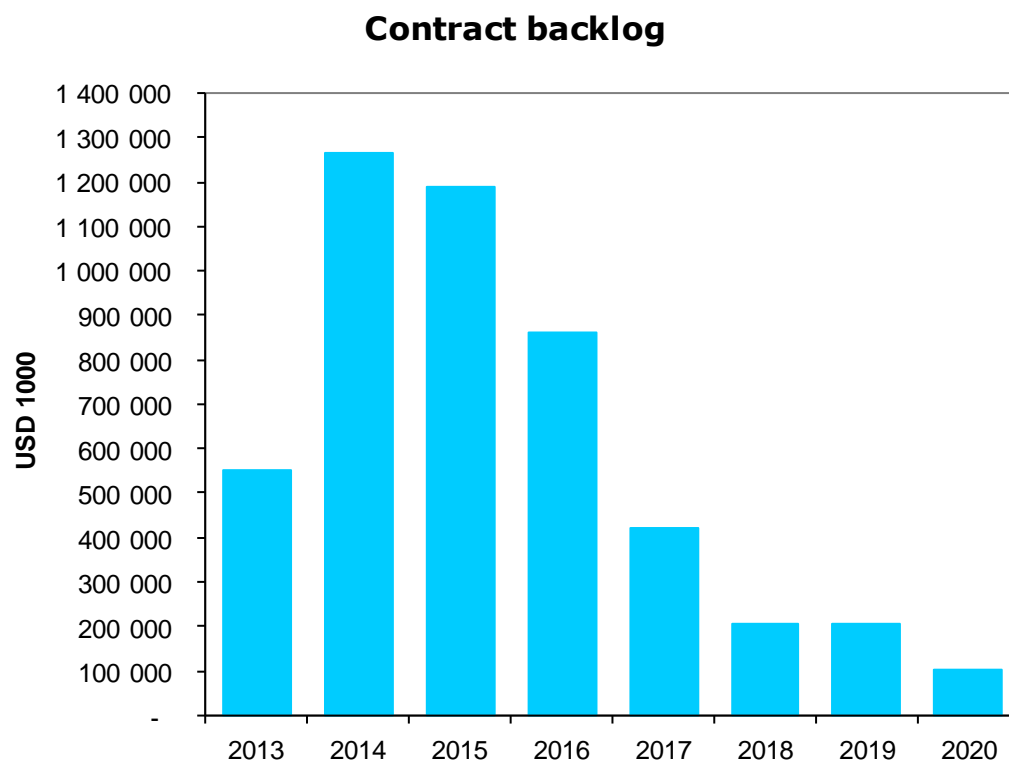


1) Karoon 2) Anadarko 3) MPX 4) Capricorn (Cairn) 5) BP

Yard/Class renewal survey Option Mobilization

Average contract length of ca. 33 months

Backlog



Total backlog approx. USD 4.8 billion

Bollsta Dolphin

- Moss Maritime CS 60 E (Enhanced) design from HHI
- Estimated delivery 1Q 2015, total cost estimated to USD 740 million including two BOPs
- Steel cutting in June 2013
- Has secured a five-year contract with Chevron for operations West of Shetland in the UK sector
- Commencement estimated to mid 2015, after mobilization from Korea



Ultra deepwater – Africa

Bolette Dolphin

- Newbuild ultra deepwater drillship from Hyundai Heavy Industries
- Delivery date is rescheduled to end October 2013
- Has secured a four-year contract with Anadarko for international operations, including Mozambique. Start of operation after delivery and mobilization
- Commissioning phase ongoing



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

Borgland Dolphin

- Continued operations under a four-year drilling contract with a consortium managed by RMN (Rig Management Norway), expiring February 2014
- Another contract with RMN of 18 wells will follow, with estimated commencement February 2014. Estimated duration is 3.5 years
- Next five-year class renewal survey to take place 4Q 2014



Bideford Dolphin

- Continued operations under a three-year drilling contract with Statoil estimated to expire end of January 2014
- A new three-year contract with Statoil was entered into in October 2012, with estimated commencement February 2014
- Next five-year class renewal survey to take place 2Q 2014



Midwater - Norway / United Kingdom

Bredford Dolphin

- Continued under the drilling contract with Lundin Norway AS, estimated to be completed end of 2013
- The eight well contract with a consortium led by AGR was extended with additional four wells. Contract commencement estimated to end 2013. Further options exist for minimum five wells
- The class renewal survey was completed August 2012



Borgholm Dolphin

- Accommodation unit with 303 bed capacity
- Commenced a one year contract with Shell mid May 2013. A new nine month contract was entered into with BG, with estimated commencement beginning of August 2014
- Class renewal survey was completed March 2013



Midwater - United Kingdom (cont.)

Byford Dolphin

- Completed a three-year drilling contract with BP Exploration in April 2013 and commenced the new contract with BP, estimated to expire April 2016
- The class renewal survey and installation of a new five ram BOP is scheduled to 1Q 2015



Borgsten Dolphin

- Continued under the tender support services contract of 40 months duration with Total E&P UK, plus two six month options
- Completed class renewal survey and conversion to tender support vessel mid February 2013



Deepwater/ midwater - Brazil

Blackford Dolphin

- Commenced a one-well contract with Anadarko early June 2013
- Will be relocated to UK during 4Q. Two one-well contracts were entered into with MPX and Capricorn/Cairn for operations offshore UK and Ireland, estimated to 150 days in total
- LOI entered into with Harland & Wolff to undertake the class renewal survey at the yard in 4Q 2013. Estimated duration of the yard stay is 45 days and total cost of approximately USD 90 million



Borgny Dolphin

- Operating under a five-year drilling contract with Petrobras in Brazil. The contract was extended with approximately one year, and estimated to expire in September 2014
- Next class renewal survey to take place in 4Q 2014



Harland & Wolff

- Focus on ship repair, ship building, steel fabrication and engineering services
- During the quarter, the yard continued the contract for Kværner Verdal AS for fabrication of pile sleeve clusters and floatation tanks for the Edvard Grieg and Martin Linge jackets. Estimated to be completed 4Q 2013
- The engineering phase for fabrication of the Humber gateway offshore windfarm substation jacket commenced during the quarter
- Harland & Wolff has signed a LOI to undertake the class renewal survey of Blackford Dolphin, scheduled to 4Q 2013



Summary

■ Financial

- Revenues were 1,788 million
- EBITDA was 935 million
- Profit before tax was 573 million
- Contract backlog amounting to approximately USD 4.8 billion

■ Operational

- Byford Dolphin commenced new contract with BP mid April 2013
- Borgholm Dolphin commenced new contract with Shell mid May 2013
- Blackford Dolphin commenced new contract with Anadarko early June 2013

■ Market

- Blackford Dolphin entered into new contracts of 150 days in UK/Ireland
- Extension of three wells for Borgland Dolphin under the RMN contract
- Option of four wells exercised for Bredford Dolphin under the AGR contract
- Average contract duration approximately 33 months

Q&A

