



Fred. Olsen Energy ASA

Report for the 4th quarter 2012 and preliminary results for 2012

Figures in NOK

FRED. OLSEN ENERGY ASA (FOE) REPORTS AN OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) OF 750 MILLION FOR THE 4TH QUARTER 2012 AND EBITDA OF 3,528 MILLION FOR THE YEAR 2012

HIGHLIGHTS FOR THE QUARTER

- Revenues were 1,628 million
- EBITDA were 750 million
- Operating profit (EBIT) was 394 million
- Profit before tax was 313 million
- Earnings per share were 4.4
- Three-year extension for Bideford Dolphin
- Five-year drilling contract for Bollsta Dolphin
- Borgholm Dolphin - secured 12 and 9 month contracts

Post quarter events:

- Proposed dividend payment of NOK 10 in ordinary dividend and an extraordinary dividend of NOK 10 per share.
- Borgny Dolphin - secured a 1 year contract extension

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Figures in NOK

FINANCIAL INFORMATION (3rd quarter 2012 in brackets)

Operating revenues in the quarter were 1,628 million (1,901 million). Revenues within the offshore drilling division decreased by 123 million, while revenues within the engineering and fabrication division decreased by 150 million. The decrease in revenues within the offshore drilling division is mainly due to Borgsten Dolphin undertaking the scheduled yard stay in the 4th quarter and 14 days downtime for Blackford Dolphin, partly offset by Bredford Dolphin which was at Class Renewal Survey part of 3rd quarter.

Operating revenues for the year 2012 were 6,877 million.

Operating costs were 878 million (909 million), a decrease of 31 million compared with previous quarter. Operating costs within the offshore drilling division increased by 87 million. The cost increase is mainly due to a higher repair and maintenance level for the fleet in the quarter and overheads. Operating costs within the engineering and fabrication division decreased by 118 million due to a lower activity.

Operating costs for the year were 3,349 million.

Operating profit before depreciation (EBITDA) was 750 million (992 million). EBITDA for the year were 3,528 million.

Depreciation, amortisation and impairment amounted to 356 million (330 million). For the year 2012 it amounted to 1,351 million.

Operating profit after depreciation (EBIT) was 394 million (662 million). Operating profit (EBIT) for the year was 2,178 million.

Net financial expenses were 82 million (96 million). Capitalized interest expenses related to the newbuilds in the quarter amounted to 17 million (30 million). Net financial expenses for the year were 276 million and capitalized interest expenses related to the newbuilds were 68 million.

Profit before tax was 313 million (566 million). Profit before tax for the year was 1,901 million.

Net profit, including an estimated tax of 25 million (17 million), was 288 million (549 million). Net profit after tax for the year was 1,820 million.

Basic earnings per share were 4.4 (8.2). For the year 2012 basic earnings per share were 27.4.

Dividend

The Board has resolved to propose to the Annual General Meeting in May 2013 to pay an ordinary dividend of NOK 10 per share and an extraordinary dividend of NOK 10 per share.

Figures in NOK

OPERATIONS

Drilling Division

The offshore fleet of Fred. Olsen Energy ASA with subsidiaries (the Group) consists of two deepwater units and six mid-water semi-submersible drilling rigs in addition to one accommodation unit. Three of the semi-submersible drilling rigs are operating on the Norwegian Continental Shelf. The Group has two newbuilds under construction, an ultra deepwater drillship scheduled to be delivered in 3Q 2013 and an ultra deepwater semi submersible for harsh environment scheduled to be delivered in 1Q 2015. Both units are ordered at Hyundai Heavy Industries Co., Ltd.

Norway

Bideford Dolphin continued operations under a three-year drilling contract for Statoil ASA. The contract will expire in January 2014. In October 2012, a three-year extension of the current drilling contract was entered into with Statoil ASA. The extension is in direct continuation with the current contract, with estimated commencement in January 2014. An option exists for a further two years contract extension. The unit will undertake its five-year Class Renewal Survey second quarter 2014.

Borgland Dolphin continued operations under the four-year drilling contract with a consortium consisting of several oil companies, managed by Rig Management Norway AS. The contract will expire in February 2014. In September 2012 a new 15 well drilling contract, estimated to three years, was entered into with a Rig Management Norway consortium consisting of four oil companies. The unit will undertake its five-year Class Renewal Survey fourth quarter 2014.

Bredford Dolphin continued operations under a 10 well drilling program for Lundin Norge, with estimated completion in 1st quarter 2014. In September 2012, a new drilling contract was entered into for an eight well drilling campaign, estimated to 570 days. The contract is with an AGR coordinated group of four oil companies for operation on the Norwegian Continental Shelf. The operators have the right to extend the contract period with four additional wells within 30th of June 2013. Subject to execution of the first four optional wells, the operators have the right to extend the contract with minimum additional five wells within contract commencement. The unit completed its five-year Class Renewal Survey in August 2012.

International

Belford Dolphin continued operations under the four-year drilling contract with Anadarko Petroleum Corporation. The contract will expire end 2015. The unit is currently operating offshore Mozambique. The unit will undertake its five-year Class Renewal Survey first quarter 2015.

Blackford Dolphin completed operations under a one-well contract with Anadarko in December and commenced a three-well contract with Karoon Petroleo & Gas S.A. in direct continuation. The Karoon contract will be followed by an additional one well-contract with Anadarko for operations in Brazil. The unit will undertake its five-year Class Renewal Survey second half 2013.

Borgny Dolphin continued operations under a five-year drilling contract with Petrobras. In January 2013 the contract with Petrobras was extended with approximately one year and is now estimated to expire in September 2014. The unit will undertake its five-year Class Renewal Survey second half 2014.

Figures in NOK

Byford Dolphin continued operations under a three-year drilling contract with BP Exploration Operating Co. Ltd. The contract is estimated to expire April 2013. In June 2012, a new three-year drilling contract was entered into with BP in direct continuation with current contract. The unit is planned to undertake an early Class Renewal Survey, including installation of a new BOP, in first quarter 2014.

Borgsten Dolphin completed in February an upgrade, conversion and an early five-year Class Renewal Survey at the Nigg yard, in Scotland. The total upgrade cost covered by the Company was USD 38 million. Upon completion of the inclination test, the rig will commence a 40 months contract for Tender Support service at the Dunbar platform with Total E&P UK Ltd. Options exist for a contract extension of two six month periods.

Borgholm Dolphin completed the accommodation contract with BP at the Andrew field early February and has started demobilizing to the Fayard yard in Denmark to undertake its 5 year Class Renewal (CRS). The CRS and upgrades are estimated to cost USD 35 million. In November 2012 a new one year accommodation contract was entered into with Shell U.K. Limited with commencement in June 2013. In December 2012 a new 9 months accommodation contract was entered into with BG with estimated commencement in August 2014.

The ultra deepwater drillship newbuild, Bolette Dolphin, currently under construction at Hyundai Heavy Industries in Korea, is scheduled to be delivered in 3Q 2013 and commence a four-year drilling contract with Anadarko Petroleum Corporation in 4Q 2013.

The harsh environment ultra-deepwater semi submersible drilling rig Bollsta Dolphin, currently under construction at Hyundai Heavy Industries in Korea, is scheduled to be delivered end first quarter 2015 and commence a five-year drilling contract with Chevron North Sea Limited in 3Q 2015.

Engineering and Fabrication

The Harland & Wolff shipyard continued its core activities within engineering, ship repair and shipbuilding. In the quarter Kværner Verdal AS awarded Harland & Wolff the contracts for fabrication of pile sleeve clusters and floatation tanks for Lundin's Edvard Grieg jacket and Total's Martin Linge jacket.

Oslo, 5th February 2013

The Board of Directors

Fred. Olsen Energy ASA



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

GROUP INCOME STATEMENT

Unaudited

(NOK mill)	Note	4Q 2012	3Q 2012	4Q 2011	Year 2012	Year 2011
Operating revenues		1 568,6	1 829,1	1 629,7	6 637,4	6 262,2
Recharged income		59,2	71,9	52,0	239,4	208,7
Total revenues		1 627,8	1 901,0	1 681,7	6 876,8	6 470,9
Operating costs		(822,0)	(840,6)	(742,9)	(3 120,5)	(2 729,2)
Recharged expenses		(55,6)	(68,5)	(50,0)	(228,1)	(201,0)
Total operating expenses		(877,6)	(909,1)	(792,9)	(3 348,6)	(2 930,2)
Oper. profit before depr. (EBITDA)		750,2	991,9	888,8	3 528,2	3 540,7
Depreciation and amortisation	6	(355,9)	(330,1)	(331,6)	(1 350,7)	(1 260,7)
Impairment		-	-	(15,3)	-	(15,3)
Operating profit (EBIT)		394,3	661,8	541,9	2 177,5	2 264,7
Net financial (expense)/income	8	(81,6)	(96,0)	(26,0)	(276,1)	(157,5)
Profit before income taxes		312,7	565,8	515,9	1 901,4	2 107,2
Income tax expense		(24,9)	(17,3)	14,5	(81,3)	(19,5)
Profit for the period		287,8	548,5	530,4	1 820,1	2 087,7
Attributable to:						
Shareholders		288,5	546,3	530,3	1 818,1	2 086,3
Non-controlling interests		(0,7)	2,2	0,1	2,0	1,4
Profit for the period		287,8	548,5	530,4	1 820,1	2 087,7

EPS :

Basic earnings per share	4,4	8,2	8,0	27,4	31,5
Diluted earnings per share	4,4	8,2	8,0	27,4	31,5

Outstanding shares

Average number of ordinary shares, basic	66,3	66,3	66,3	66,3	66,3
Average number of ordinary shares, diluted	66,3	66,3	66,3	66,3	66,3

GROUP STATEMENT OF COMPREHENSIVE INCOME

Unaudited

	4Q 2012	3Q 2012	4Q 2011	Year 2012	Year 2011
Profit for the period	287,8	548,5	530,4	1 820,1	2 087,7
Exchange differences on translation of foreign operations	(203,0)	(404,2)	215,6	(586,8)	286,4
Total comprehensive income for the period	84,8	144,3	746,0	1 233,3	2 374,1
Attributable to:					
Shareholders	85,7	142,2	745,9	1 231,6	2 372,5
Non-controlling interests	(0,9)	2,1	0,1	1,7	1,6
Total comprehensive income for the period	84,8	144,3	746,0	1 233,3	2 374,1



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

STATEMENT OF FINANCIAL POSITION

Unaudited

(NOK mill)

		31 Dec 12	30 Sep 12	31 Dec 11
Intangible assets		98,6	98,6	98,6
Property, plant & equipment	6	12 684,5	12 427,2	10 449,2
Other non-current assets		57,7	61,2	61,4
Total non-current assets		12 840,8	12 587,0	10 609,2
Inventories		431,0	476,9	466,4
Trade and other receivables		964,5	1 265,9	1 199,8
Other current assets		188,8	228,0	405,4
Cash and cash equivalents		1 386,8	1 203,7	2 183,6
Total current assets		2 971,1	3 174,5	4 255,2
Total assets		15 811,9	15 761,5	14 864,4
Share capital		1 333,9	1 333,9	1 333,9
Other equity	9	6 553,6	6 467,9	6 647,3
Non-controlling interests		8,6	9,5	6,9
Total Equity		7 896,1	7 811,3	7 988,1
Non-current interest-bearing loans and borrowings	5	4 196,9	4 657,5	4 429,5
Other non-current liabilities		340,7	327,6	372,7
Total non-current liabilities		4 537,6	4 985,1	4 802,2
Current interest-bearing loans and borrowings	5	730,3	747,8	1 318,4
Other current liabilities		2 647,9	2 217,3	755,7
Total current liabilities		3 378,2	2 965,1	2 074,1
Total equity and liabilities		15 811,9	15 761,5	14 864,4

GROUP STATEMENT OF CHANGES IN EQUITY

Unaudited

(NOK mill)

	Share capital	Share premium	Translation reserves	Reserve for own shares	Retained earnings	Total	Non-contr. interests	Total equity
Year 2011								
Balance at 1 January 2011	1 333,9	548,1	(636,5)	(8,6)	5 697,1	6 934,0	5,3	6 939,3
Total comprehensive income	-	-	286,2	-	2 086,3	2 372,5	1,6	2 374,1
Dividend	-	-	-	-	(1 325,3)	(1 325,3)	-	(1 325,3)
Balance at 31 Dec 2011	1 333,9	548,1	(350,3)	(8,6)	6 458,1	7 981,2	6,9	7 988,1
Year 2012								
Total comprehensive income	-	-	(586,5)	-	1 818,1	1 231,6	1,7	1 233,3
Dividend	-	-	-	-	(1 325,3)	(1 325,3)	-	(1 325,3)
Balance at 31 Dec 2012	1 333,9	548,1	(936,8)	(8,6)	6 950,9	7 887,5	8,6	7 896,1



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited (NOK mill)	Note	Year 2012	Year 2011
Cash flows from operating activities			
Profit before income tax		1 901,4	2 107,2
<i>Adjustment for:</i>			
Depreciation and amortisation		1 350,7	1 276,0
Interest expense	8	135,4	103,1
Gain/(loss) on sales of fixed assets		4,9	-
Changes in working capital		529,4	(182,9)
Unrealised loss/(gain) financial instruments		(46,2)	(9,6)
Cash generated from operations		3 875,6	3 293,8
Interest paid		(203,4)	(114,7)
Taxes paid		(91,2)	(74,9)
Net cash from operating activities		3 581,0	3 104,2
Cash flows from investing activities			
Net investment in fixed assets		(2 551,0)	(1 300,6)
Proceeds from sale of equipment		5,8	1,2
Net cash used to investing activities		(2 545,2)	(1 299,4)
Cash flows from financing activities			
Borrowing of interest bearing debt		4 487,5	1 400,0
Repayments of interest bearing debt	5	(4 855,3)	(1 249,1)
Dividend paid	9	(1 325,3)	(1 325,3)
Net cash from financing activities		(1 693,1)	(1 174,4)
Foreign currency		(139,5)	55,0
Net change in cash and cash equivalents		(657,3)	630,4
Cash and cash equivalents at the beg. of period		2 183,6	1 498,2
Cash and cash equiv. at the end of period		1 386,8	2 183,6



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

Notes

1. Segment information

(NOK mill)	Offshore Drilling *	Engineering & Fabrication	Eliminations	FOE Group
4Q 2012				
Revenues from external customers	1 591,0	36,8	-	1 627,8
Inter-segment revenues	-	-	-	-
Total revenues	1 591,0	36,8	-	1 627,8
Operating costs	(837,3)	(40,3)	-	(877,6)
Oper. profit before depr. (EBITDA)	753,7	(3,5)	-	750,2
Depreciation and amortisation	(354,1)	(1,8)	-	(355,9)
Operating profit (EBIT)	399,6	(5,3)	-	394,3
3Q 2012				
Revenues from external customers	1 713,7	187,3	-	1 901,0
Inter-segment revenues	-	-	-	-
Total revenues	1 713,7	187,3	-	1 901,0
Operating costs	(750,6)	(158,5)	-	(909,1)
Oper. profit before depr. (EBITDA)	963,1	28,8	-	991,9
Depreciation and amortisation	(328,1)	(2,0)	-	(330,1)
Operating profit (EBIT)	635,0	26,8	-	661,8
4Q 2011				
Revenues from external customers	1 638,0	43,7		1 681,7
Inter-segment revenues	-	-		-
Total revenues	1 638,0	43,7	-	1 681,7
Operating costs	(751,5)	(41,4)	-	(792,9)
Oper. profit before depr. (EBITDA)	886,5	2,3	-	888,8
Depreciation and amortisation	(330,0)	(1,6)	-	(331,6)
Impairment	(15,3)	-	-	(15,3)
Operating profit (EBIT)	541,2	0,7	-	541,9
Year 2012				
Revenues from external customers	6 485,1	391,7	-	6 876,8
Inter-segment revenues	-	-	-	-
Total revenues	6 485,1	391,7	-	6 876,8
Operating costs	(2 990,5)	(358,1)	-	(3 348,6)
Oper. profit before depr. (EBITDA)	3 494,6	33,6	-	3 528,2
Depreciation and amortisation	(1 343,0)	(7,7)	-	(1 350,7)
Operating profit (EBIT)	2 151,6	25,9	-	2 177,5
Year 2011				
Revenues from external customers	6 250,4	220,5	-	6 470,9
Inter-segment revenues	-	-	-	-
Total revenues	6 250,4	220,5	-	6 470,9
Operating costs	(2 732,9)	(197,3)	-	(2 930,2)
Oper. profit before depr. (EBITDA)	3 517,5	23,2	-	3 540,7
Depreciation and amortisation	(1 254,2)	(6,5)	-	(1 260,7)
Impairment	(15,3)	-	-	(15,3)
Operating profit (EBIT)	2 248,0	16,7	-	2 264,7

* Includes Fred. Olsen Energy ASA



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

(NOK mill)	Offshore Drilling *	Engineering & Fabrication	Eliminations	FOE Group
31 Dec 12				
Segment assets	15 557,8	306,1	(52,0)	15 811,9
Segment liabilities	7 719,7	196,1	-	7 915,8
31 Dec 11				
Segment assets	14 632,5	284,8	(52,9)	14 864,4
Segment liabilities	6 679,3	249,9	(52,9)	6 876,3

* Includes Fred. Olsen Energy ASA

2. Introduction

The consolidated interim financial statements for 4th Quarter 2012 ended 31 December 2012, comprise Fred. Olsen Energy ASA and its subsidiaries (together referred to as the "Group").

These consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2011.

The consolidated financial statements of the Group for the year ended 31 December 2011 are available upon request from the Company's office in Oslo or at www.fredolsen-energy.com.

These consolidated interim financial statements were approved by the Board of Directors on 5 February 2013.

3. Significant accounting policies

The main accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2011.

4. Estimates

The preparations of interim financial statements require use of estimates, judgments and assumptions which may affect the use of accounting principles and recognized assets, liabilities, income and expenses. The resulting accounting estimates may differ from the eventual outcome.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts are the same as described in the annual report for the year 2011.

5. Interest-bearing loans and borrowings

In June 2012, the Group signed a new five year bank credit facility of up to USD 1.500 million. During second quarter the Group borrowed USD 750 million under the new facility and repaid the existing bank loans by USD 620 million. USD 450 million will be used to full-finance the newbuild Bolette Dolphin and general corporate purposes.

The Group has repaid USD 90.6 million of the new facility during 2nd half 2012. Per 31 December 2012 USD 325 million is undrawn and available under the credit facility for general corporate purposes.



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

6. Property, plant and equipment

(NOK mill)	Rigs and drillship	Machinery and equipment	Plant, building and land	Total
Cost				
Balance at 1 January 2012	15 845,5	428,7	108,5	16 382,7
Acquisitions	4 215,3	52,2	6,6	4 274,1
Disposals	(93,2)	(2,5)	0,0	(95,7)
Movements in foreign currency	(1 127,2)	(11,9)	(3,2)	(1 142,3)
Balance at 31 Dec 2012	18 840,4	466,5	111,9	19 418,8
Depreciation				
Balance at 1 January 2012	5 509,7	361,4	62,4	5 933,5
Depreciation	1 328,0	21,5	1,2	1 350,7
Disposals	(89,3)	(1,5)	0,0	(90,8)
Movements in foreign currency	(446,9)	(10,2)	(2,0)	(459,1)
Balance at 31 Dec 2012	6 301,5	371,2	61,6	6 734,3
Carrying amounts				
At 1 January 2012	10 335,8	67,3	46,1	10 449,2
At 31 Dec 2012	12 538,9	95,3	50,3	12 684,5

The Group entered into a turnkey contract for a harsh environment ultra deepwater semi-submersible drilling rig with Hyundai Heavy Industries Co.Ltd in May 2012. The first instalment of \$186.4 million is included as acquisition above. The drillship under construction, Bolette Dolphin, is included as acquisition above with \$298 million based on percent of completion.

7. Related parties

In the ordinary course of business, the Group recognises revenues and expenses with related companies. Related parties are (1) Ganger Rolf ASA and Bonheur ASA which are the owners of a combined 51.9% (adjusted for own shares) of the Group, (2) their subsidiaries and (3) Fred.Olsen & Co. The Group receives certain administrative, financial, and legal advisory services from Fred.Olsen & Co. There are no material changes since the financial statements for the year ended 31 December 2011.

8. Financial expenses

Net financial expenses per 31 December 2012 include NOK 37 million of unrealised gain related to changes in fair value of interest rate contracts and NOK 9 million of unrealised gain on currency contracts. Interest cost of NOK 68 million is capitalized to Bolette Dolphin and Bollsta Dolphin under construction.

9. Dividend

The Annual General Meeting in May 2012 approved the Board's proposal of an ordinary dividend payment of NOK 10 and an extraordinary dividend payment of NOK 10 per share for the year 2011. The payment was made in June 2012 and amounted to NOK 1 325.3 million.

The Board has resolved to propose to the Annual General Meeting in May 2013 to pay an ordinary dividend of NOK 10 per share and an extraordinary dividend of NOK 10 per share. This will amount to NOK 1 325.3 million based on outstanding shares as at 31 December 2012.