



Fred. Olsen Energy ASA
3Q 2017 results presentation

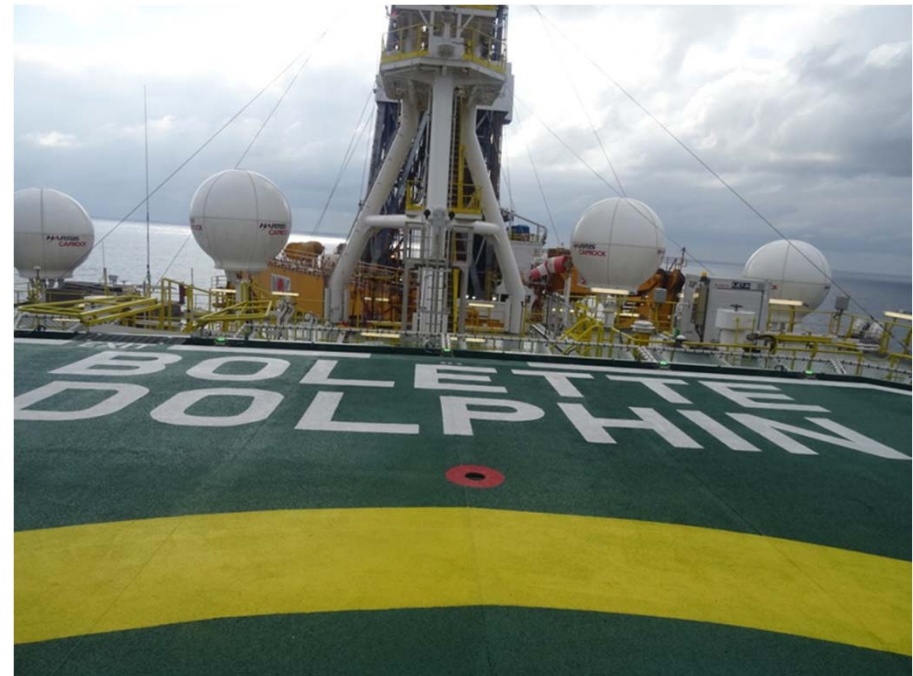
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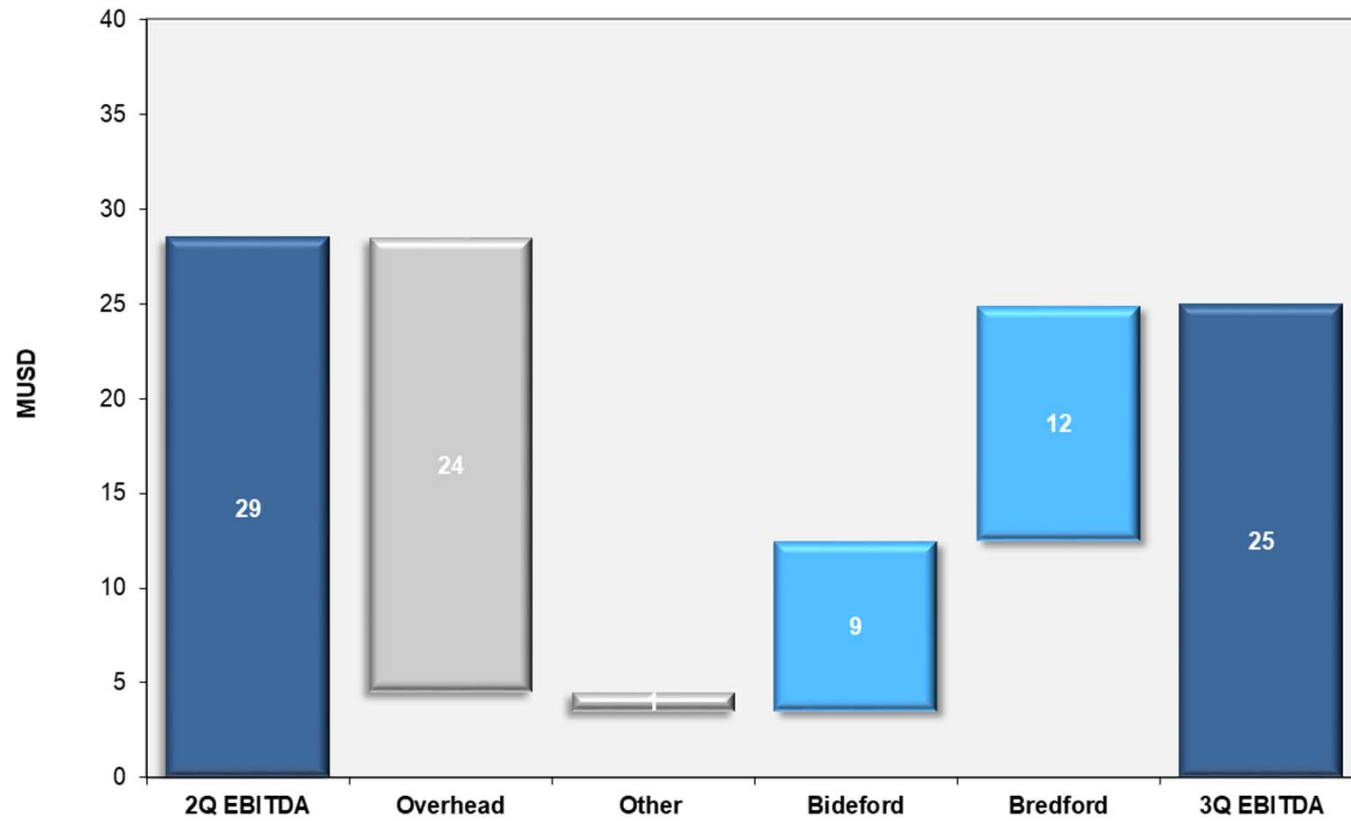
- **FINANCIAL RESULTS**
- MARKET
- OPERATIONS
- SUMMARY



Income statement – key figures

(USD mill)	3Q 2017	2Q 2017	Change
Operating revenues	72,3	53,0	19,3
Recharged income	4,0	1,9	2,1
Total revenues	76,3	54,9	21,4
Operating costs	(47,2)	(24,6)	(22,6)
Recharged expenses	(3,8)	(1,8)	(2,0)
Total operating expenses	(51,0)	(26,4)	(24,6)
Oper. result before depr. (EBITDA)	25,3	28,5	(3,2)
Depreciation	(55,0)	(57,1)	2,1
Impairment	-	(75,0)	75,0
Operating result (EBIT)	(29,7)	(103,6)	73,9
Net financial items	(15,5)	(12,2)	(3,3)
Result before tax	(45,2)	(115,8)	70,6
Estimated tax	(0,5)	(7,4)	6,9
Net result	(45,7)	(123,2)	77,5

EBITDA comparison 3Q 2017 vs. 2Q 2017



Financial Items Breakdown

(USD mill)	3Q 2017	2Q 2017	Change
Interest income	3,1	0,9	2,2
Gains on financial instruments	0,2	0,2	-
Financial income	3,3	1,1	2,2
Interest expenses	(9,0)	(8,6)	(0,4)
Losses on financial instruments	(0,3)	(0,3)	-
Other financial expenses	(1,5)	(1,6)	0,1
Financial expenses	(10,8)	(10,5)	(0,3)
Net foreign currency loss	(8,0)	(2,8)	(5,2)
Net financial items	(15,5)	(12,2)	(3,3)

Offshore Drilling Segment

(USD mill)	3Q 2017	2Q 2017	Change
Operating revenues	67,1	49,7	17,4
Recharged income	4,0	1,9	2,1
Total revenues	71,1	51,6	19,5
Operating costs	(39,0)	(19,7)	(19,3)
Recharged expenses	(3,8)	(1,8)	(2,0)
Total operating expenses	(42,8)	(21,5)	(21,3)
Oper. result before depr. (EBITDA)	28,3	30,1	(1,8)
Depreciation	(54,5)	(56,6)	2,1
Impairment	-	(75,0)	75,0
Operating result (EBIT)	(26,2)	(101,5)	75,3

Engineering & Fabrication Segment

(USD mill)	3Q 2017	2Q 2017	Change
Operating revenues (external)	5,2	3,3	1,9
Inter-segment revenues	-	0,5	(0,5)
Total operating revenues	5,2	3,8	1,4
Operating costs	(8,2)	(5,4)	(2,8)
Oper. result before depr. (EBITDA)	(3,0)	(1,6)	(1,4)
Depreciation	(0,5)	(0,5)	-
Operating result (EBIT)	(3,5)	(2,1)	(1,4)

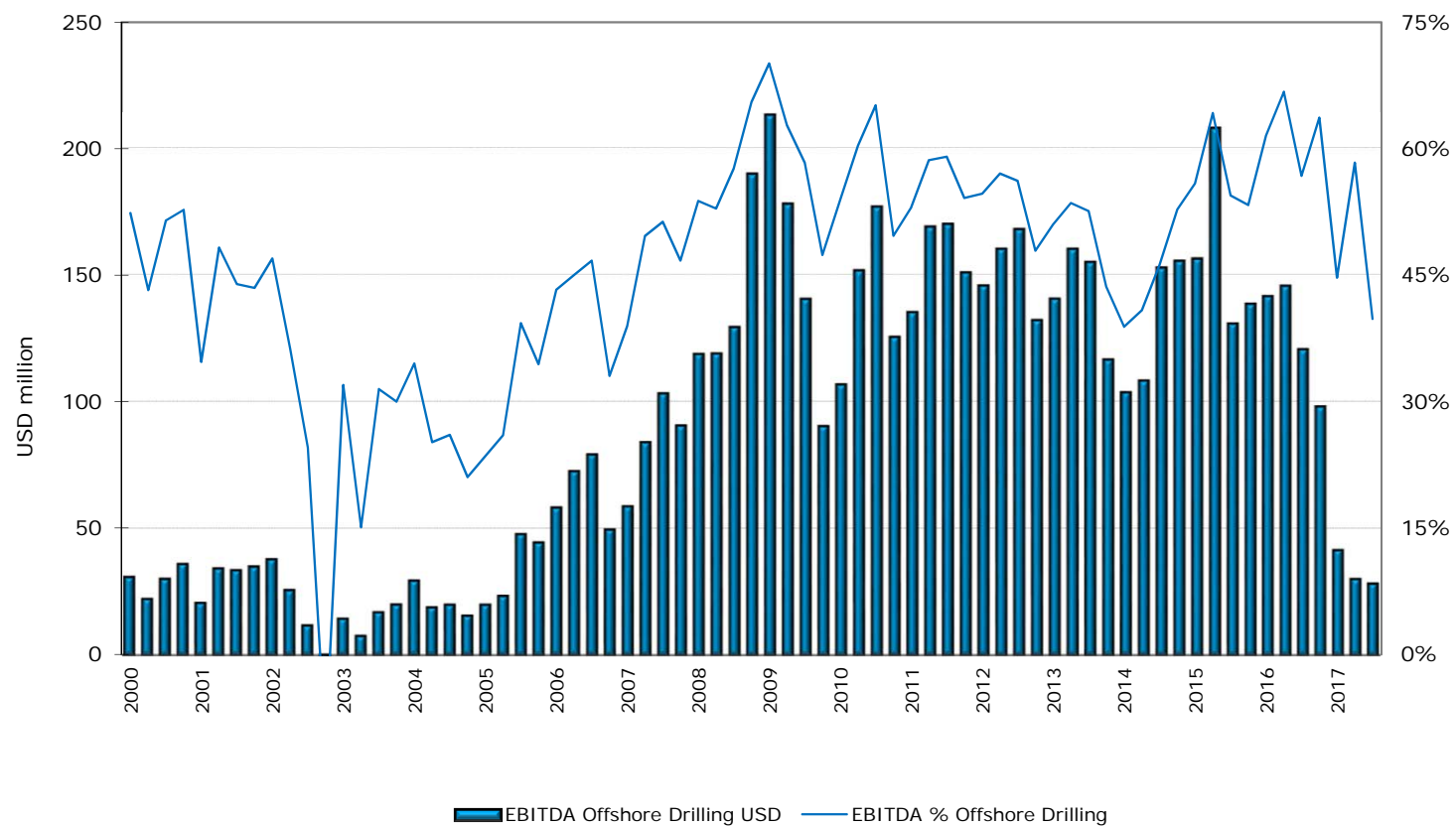
Consolidated Balance Sheet

(USD mill)	30 Sep 2017	30 Jun 2017	Change
Property, plant & equipment	1 124,0	1 177,7	(53,7)
Other non-current assets	11,1	11,1	-
Total non-current assets	1 135,1	1 188,8	(53,7)
Other current assets	159,9	160,4	(0,5)
Cash and cash equivalents	451,9	351,9	100,0
Total current assets	611,8	512,3	99,5
Total assets	1 746,9	1 701,1	45,8
Equity	660,3	703,6	(43,3)
Non-current interest bearing debt	688,9	780,8	(91,9)
Other non-current liabilities	70,0	71,2	(1,2)
Total non-current liabilities	758,9	852,0	(93,1)
Current interest bearing debt	190,9	95,5	95,4
Other current liabilities	136,8	50,0	86,8
Total current liabilities	327,7	145,5	182,2
Total equity and liabilities	1 746,9	1 701,1	45,8

Consolidated Cash Flow

(USD mill)	3Q 2017	2Q 2017	Change
Profit before income taxes	(45,2)	(115,8)	70,6
Depreciation and impairment	55,0	132,1	(77,1)
Interest expense	10,0	9,8	0,2
Gain on sale of property, plant and equipment	(2,8)	-	(2,8)
Changes in pension plan	-	(23,7)	23,7
Changes in working capital	83,6	29,6	54,0
Unrealized loss financial instruments	6,1	2,5	3,6
Cash generated from operations	106,7	34,5	72,2
Interest paid	(8,1)	(8,7)	0,6
Taxes paid	(0,3)	(5,1)	4,8
Net cash flow from operating activities	98,3	20,7	77,6
Proceeds from sale of equipment	4,6	-	4,6
Net investment in fixed assets	(1,0)	(1,7)	0,7
Cash flow from/used in investment activities	3,6	(1,7)	5,3
Repayments of interest bearing loans	(3,8)	-	(3,8)
Cash flow used in financing activities	(3,8)	-	(3,8)
Foreign currency	1,9	(0,4)	2,3
Net change in cash and cash equivalents	98,1	19,0	79,1
Cash at beginning of period	351,9	333,3	18,6
Cash at end of period	451,9	351,9	100,0

Offshore drilling EBITDA and margin

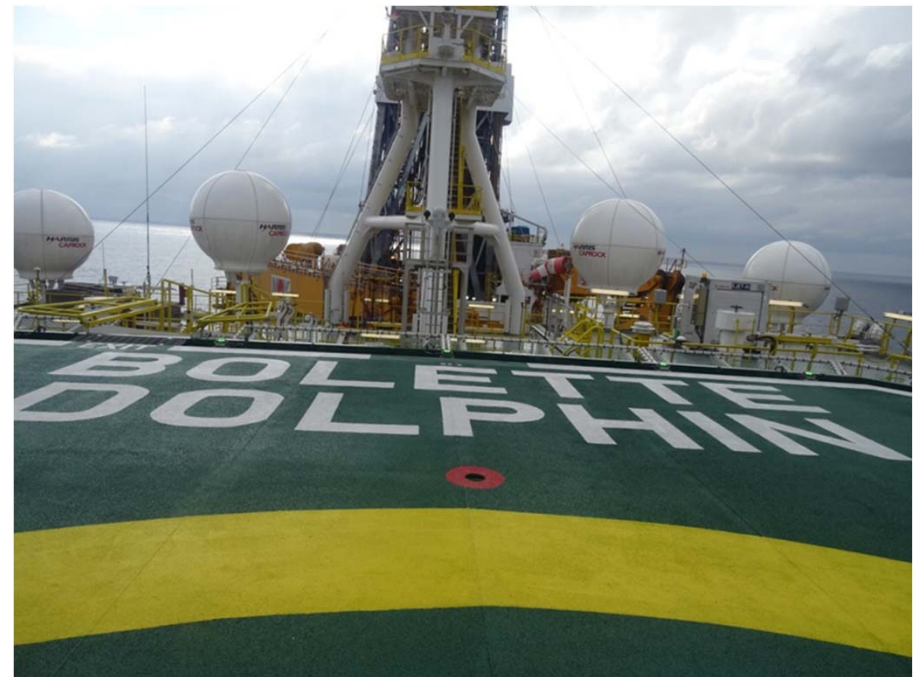


Fleet status

RIG	DESIGN	W DEPTH	LOCATION	CLIENT	CONTRACT STATUS	DAY RATE (USD)	NEXT CRS
ULTRA- / DEEPWATER UNITS							
Bolette Dolphin	DS/ Gusto P10'	12 000	Tenerife		Termination for convenience	Termination fee USD 96 million	
Blackford Dolphin	SS / Aker H-3	7 000	Norway (UK compliant)		Smart stacked		4Q 2019*
Belford Dolphin	DS / LMG Marin	10 000	Malaysia		Preserved and maintained		
MID WATER FLOATERS NORWAY							
Bideford Dolphin	SS / Aker H-3	1 500	Norway	Statoil	June - November 2017	172 000	2Q 2019
Borgland Dolphin	SS / Aker H-3	1 500	Norway		Smart stacked		1Q 2021*
Bredford Dolphin	SS / Aker H-3	1 500	Norway		Preserved and maintained		2Q 2017
MID WATER FLOATERS UK							
Byford Dolphin	SS / Aker H-3	1 500	Norway (UK compliant)		Smart stacked		2Q 2021*

* Will be further postponed if further smart stacking period

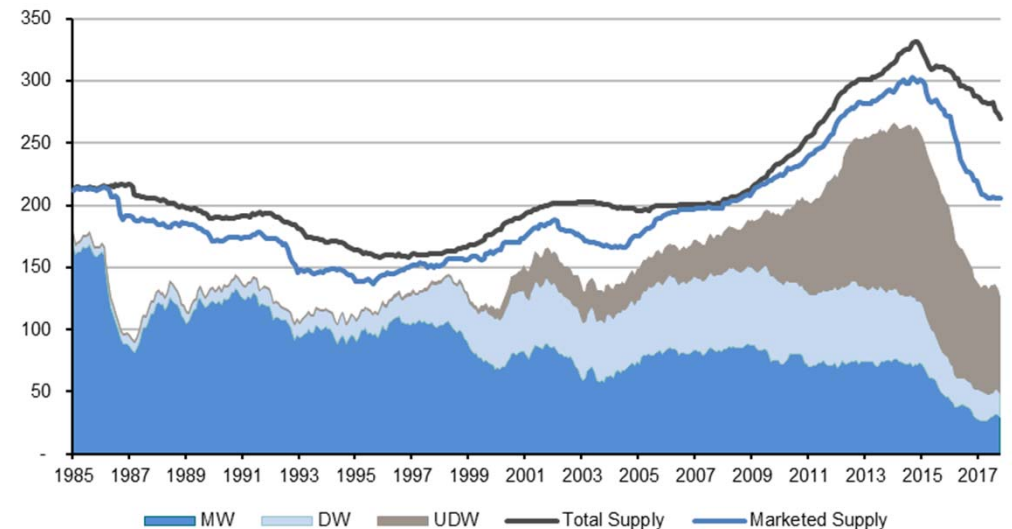
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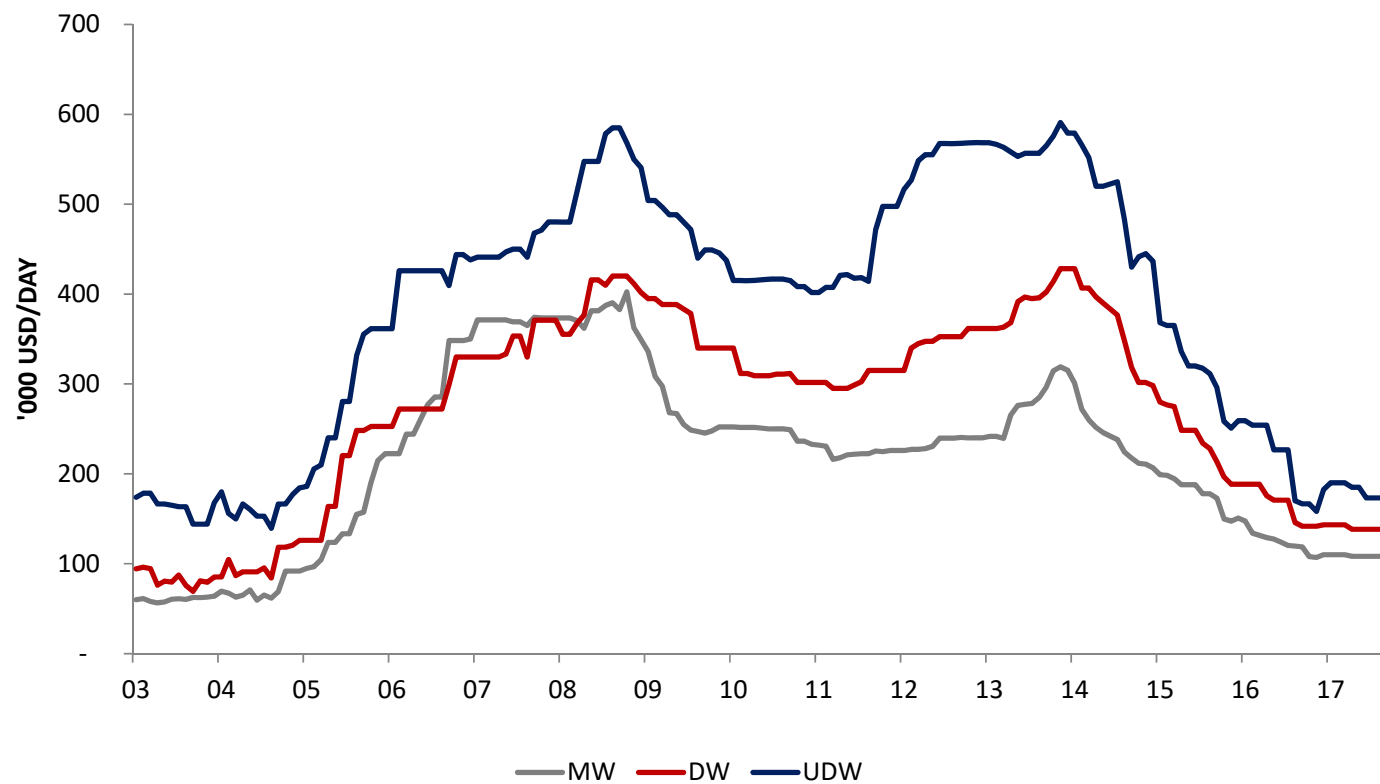
Global market

Floating units

- The market is turning in 2017 and longer term indicators are positive
- Strong increase in requests and contract activity in the North Sea market
- A high number of new development projects to be sanctioned in Norway from 2017 into 2019
- Contract awards in the UDW market has also seen an increase during 2017
- The pressure on day-rates is expected to be reduced
- However the contract durations will predominantly to be of shorter term nature albeit with some multi-year contract awards expected to materialize

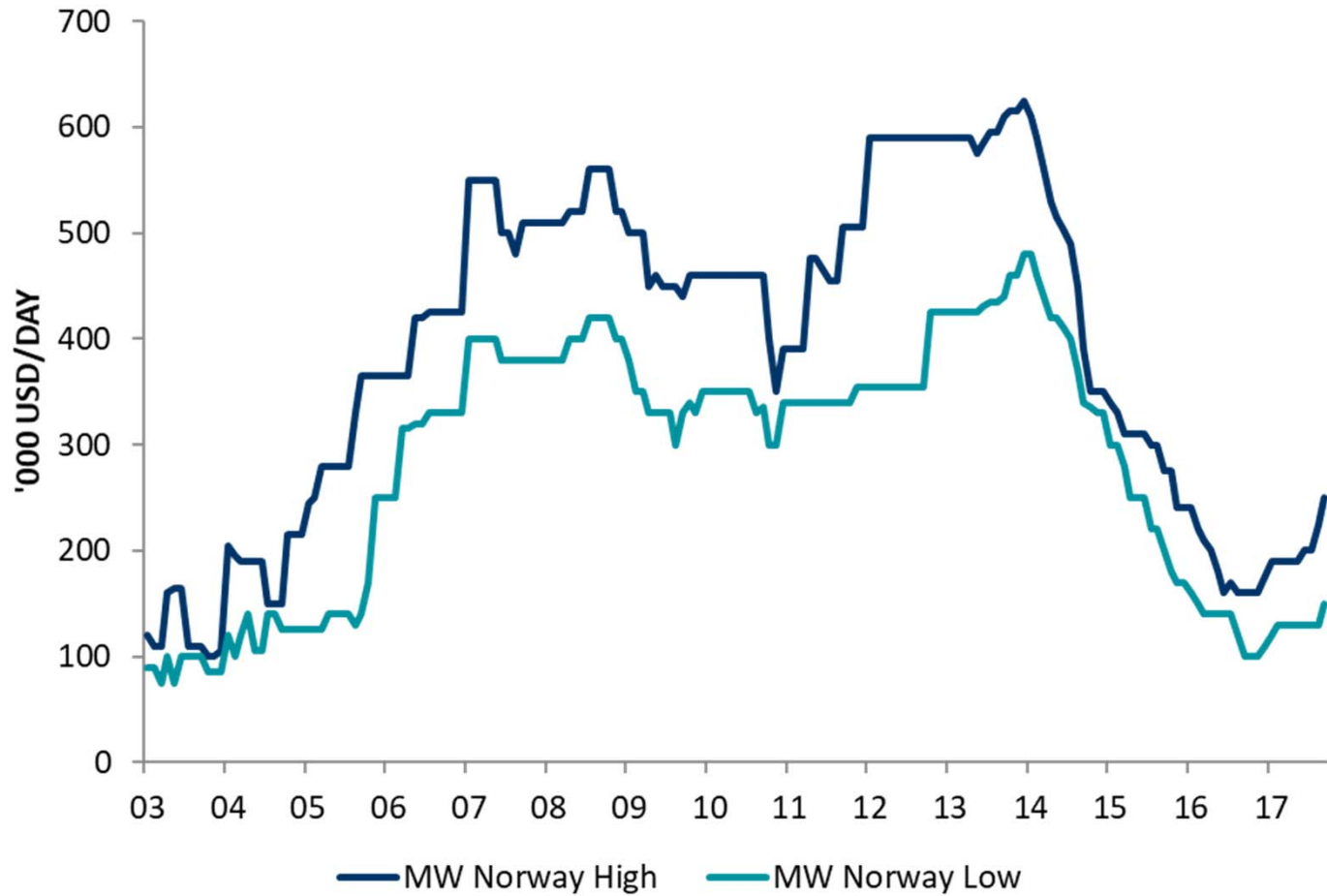


Dayrates- worldwide



Source: Clarksons Platou Offshore

Average dayrates Norway



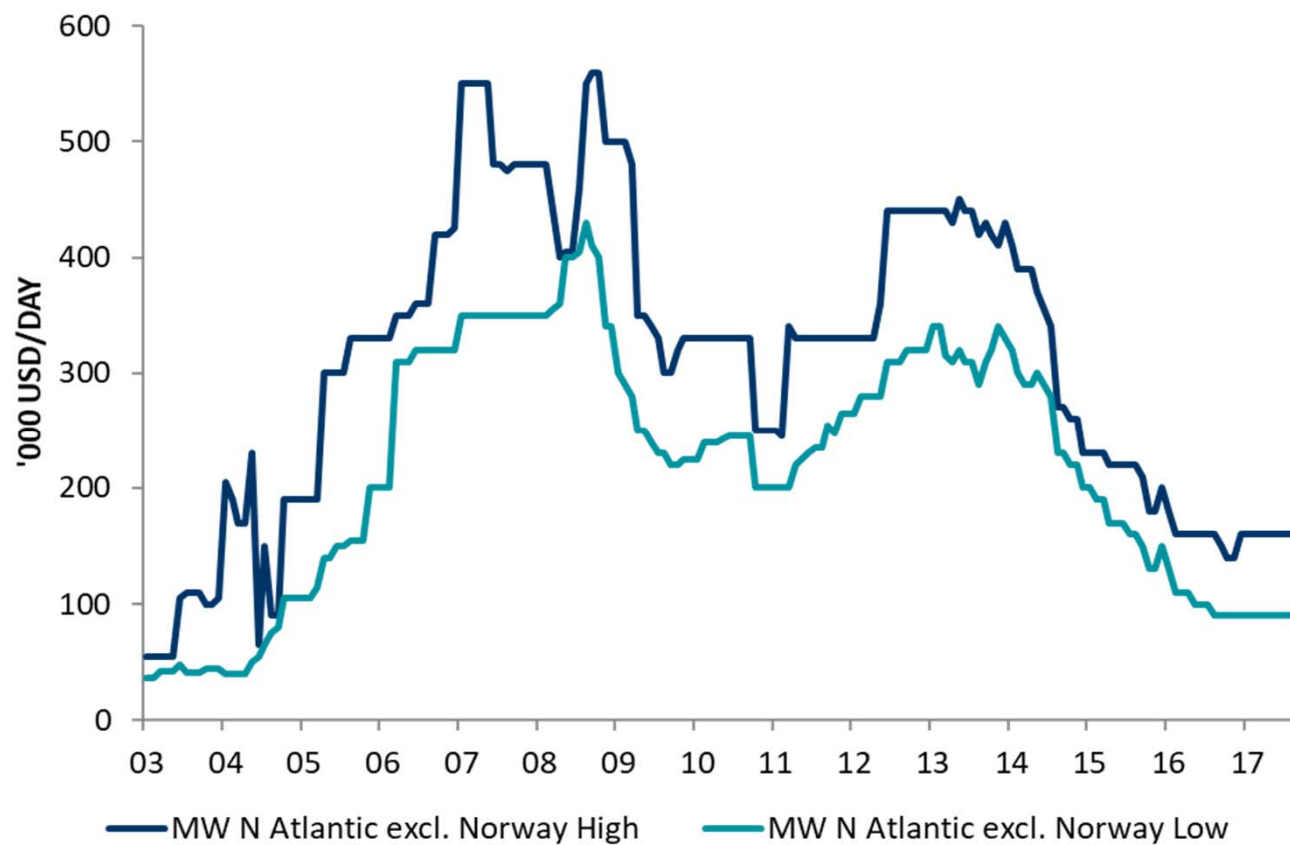
Source: Clarksons Platou Offshore

UK floater market

- The UK market is also proving to be increasingly active, as the number of requests and tender activity continues to increase
- New contract awards are taking place and further awards are expected for work in 2018, but with some contracts also extending into 2019
- Several rigs announced to be retired during the quarter

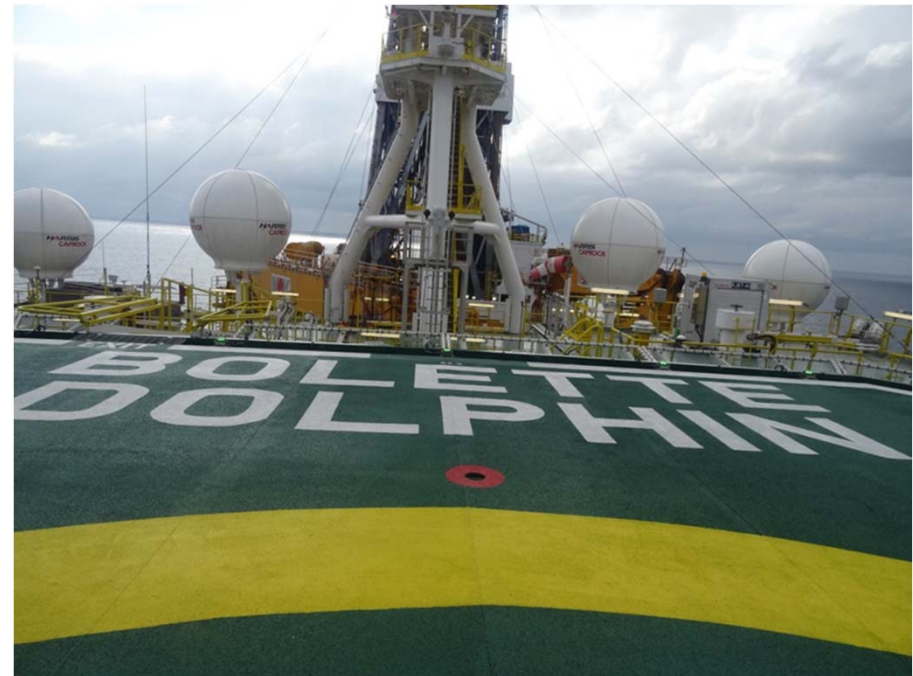
Name	2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WilHunter																
Sertao																
Sedco 711																
Sedco 714																
Byford Dolphin																
Stena Spey																
Ocean Guardian																
Blackford Dolphin																
West Hercules																
Transocean 712																
Paul B. Loyd, Jr.																
COSLPioneer																
Ocean Valiant																
Transocean Leader																
Paragon MSS1																
WilPhoenix																
Deepsea Aberdeen																
Ocean Patriot																

Average dayrates UK



Source: Clarksons Platou Offshore

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The core fleet

- ✓ High operational performance
- ✓ High technical condition
- ✓ Fit for purpose
- ✓ Ready for operations

Norway

Bideford
Dolphin



- ✓ Total rebuild '98
- ✓ Drilling & completion workhorse
- ✓ Consistent top performer for Statoil

Borgland
Dolphin



- ✓ Total rebuild '99
- ✓ Drilling & completion workhorse
- ✓ Top performance for a variety of customers

UK

Blackford
Dolphin



- ✓ Total rebuild '08
- ✓ High spec UK rig
- ✓ Versatile, DW capable

Byford
Dolphin



- ✓ The last 6 years with BP in UK
- ✓ Mix of drilling and completion/work-over
- ✓ 12pts mooring

International

Bolette
Dolphin



- ✓ High spec. 6G UDW
- ✓ Consistent top performance
- ✓ Proven MPD operations

Positioning the company for a recovering market

Unit	Contract schedule		Class renewal survey schedule			
	2017	2018	2019	2020	2021	2022
Bolette	Anadarko		Continuous class during operations			
Blackford	Chevr Smart stacked					
Bideford	Statoil Statoil					
Borgland	Smart stacked					
Byford	Smart stacked					
Belford	Preserved and maintained					
Bredford	Preserved and maintained					

Original CRS date
 Current date if operations restarted today

Certificates prolonged 2 years if 2 year smart stacked (pot. 3yrs)

Firm contract
 Terminated for convenience

- Conserve class certificates on core units to benefit from expected recovery in dayrates
- Postponed capex outlays
- Our Aker H3 units are well suited for cost effective smart stacking
- Bolette Dolphin is hot stacked, contract opportunities are pursued aggressively

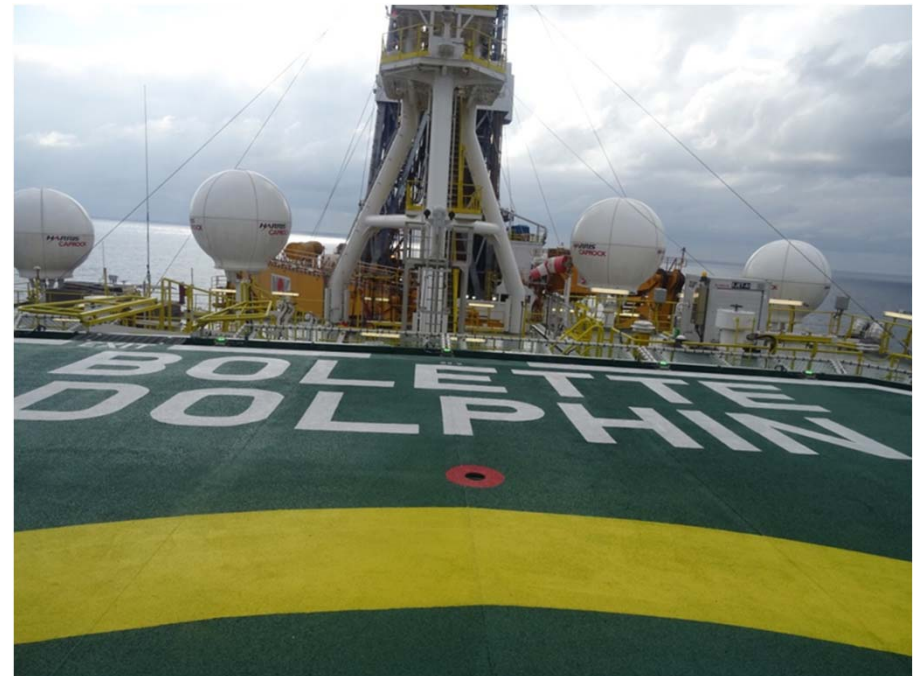
Ready for new contracts with smart stacking



Main focus areas

Operational excellence	<ul style="list-style-type: none">■ Deliver consistent high performance and efficient operations■ Prioritize capital expenditures to support high regularity and quality
New contracts	<ul style="list-style-type: none">■ Pursue the right contract opportunities for the core units■ Secure contracts with balanced risk profile and acceptable commercial value
Units ready for operations	<ul style="list-style-type: none">■ Smart Stacking; preservation, maintenance, regular testing of integrated systems■ Detailed reactivation plans; organizational and operational
Preserving cash and waiver approval	<ul style="list-style-type: none">■ Solid cash position at end of quarter■ Waiver of market value and EBITDA related covenants until end of June 2018

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Summary

Financial

- Revenues were USD 76 million
- EBITDA was USD 25 million
- Profit after tax was negative USD 46 million

Market

- The Bideford Dolphin contract expected to expire early November 2017

Operational

- Smart stacking of units continues with high focus on technical condition and on efficient restart
 - Bolette Dolphin hot stacked while pursuing new contract opportunities
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