

Sevan Marine ASA

Presentation of fourth quarter results 2013



Hotel Continental, Oslo, February 26, 2014

Presented by: Carl Lieungh, CEO
Kjetil Vangsnes, CFO

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- Fourth Quarter Highlights
- Floating Production (FPSO, FSO, FLNG)
- Other Applications (Drilling, Accommodation, etc.)
- Investments
- Financials
- Outlook

Highlights

- **Operations**

- Operating revenue was USD 5.1 million higher than previous quarter
 - Mainly due to a settlement with Samsung on the Flex LNG project (USD 4.8 million)
- Operating expense was USD 6.5 million higher than previous quarter mainly due to:
 - A restructuring settlement of USD 2.9 million by which Sevan has been cleared of potential future office lease obligations
 - Costs related to the settlement with subcontractors on the Flex LNG project
 - Unpaid tendering and BD work in Sevan

- **Sales**

- High tendering activities for FPSO/FSO studies during the quarter as well as tendering for the Catcher project with Teekay. Unfortunately, the latter appears to be lost
- Progressing the Sevan concept for FLNG with acquisition of the HiLoad technology for offloading.
- KANFA has secured 4 new process packages at a total amount of approx. NOK 40 million
- Logitel Offshore entered into a 3 year charter contract with Petrobras commencing end 2014

- **Finance**

- Cash end Q4 13 increased by USD 1.1 million compared with previous quarter

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Proven technology: Sevan designed FPSOs

Piranema Spirit

Field operator:
Petrobras
Field: Piranema
Location: Offshore
Aracaju, Brasil
Water depth: 1000m
Hull size: Sevan 300



Hummingbird Spirit

Field operator: Centrica
Field: Chechnut
Location: UK Central
North Sea
Water depth: 120m
Hull size: Sevan 300



Voyageur Spirit

Field operator: E.ON
Field: Huntington
Location: UK Central
North Sea
Water depth: 91m
Hull size: Sevan300



Goliat

Field operator : ENI
Field: Goliat
Location: Sub-arctic Barents
Sea
Hull size: Sevan 1000
Under construction at the HHI
yard in Korea

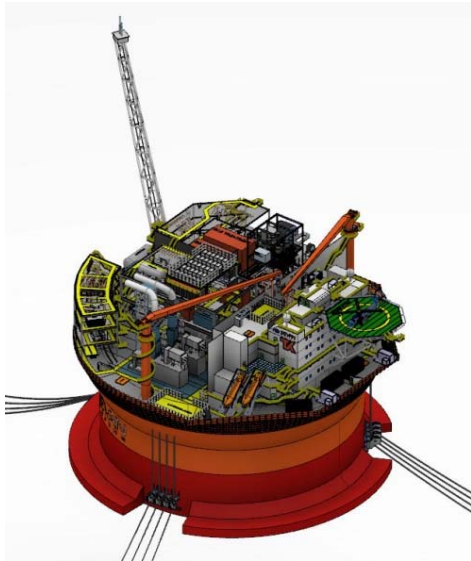


Western Isles

Field operator: Dana Petroleum
Location: Northern North Sea,
160km east of the Shetlands and
12 km west of Tern
Hull size: Sevan 400
Under construction at the Cosco
yard in China



Sevan FPSO Current Prospects



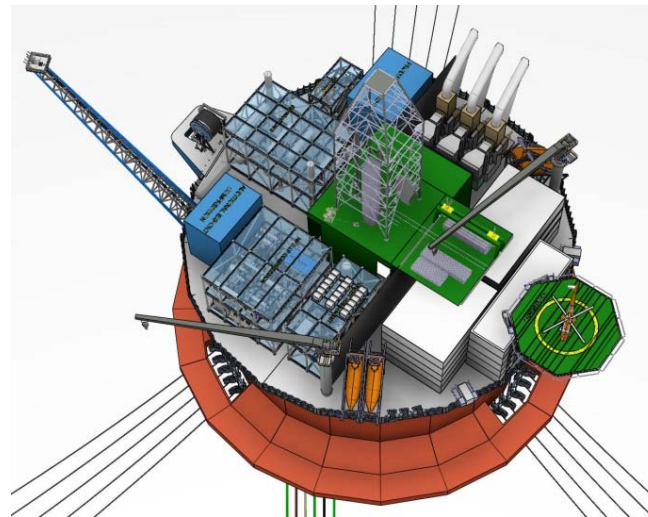
Bream



Penguins



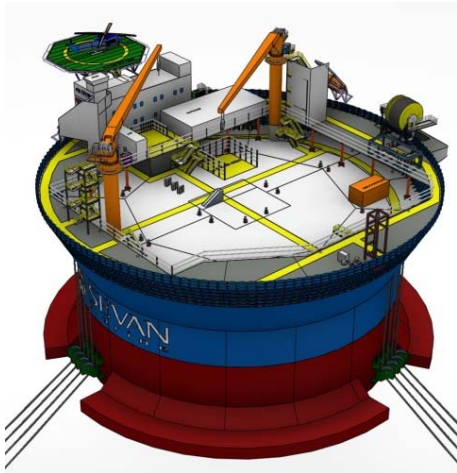
Frøy



FDPSO

A number of FPSO prospects have been identified among several potential clients

Sevan FSO Current Prospects

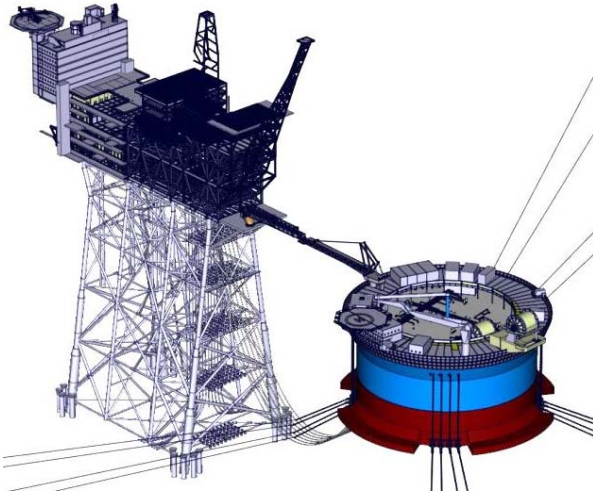


FSO

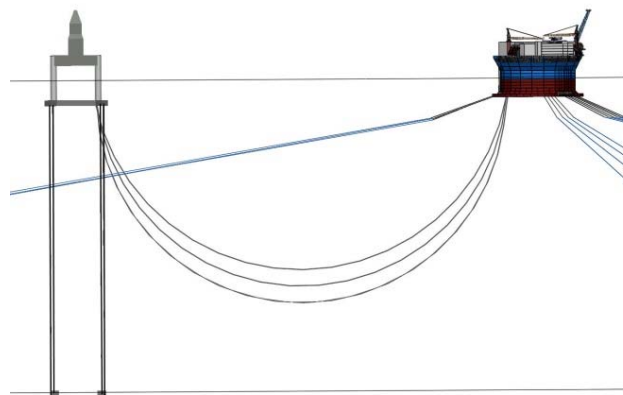


FSO

Currently working with Teekay Shuttle and Offshore on potential prospects

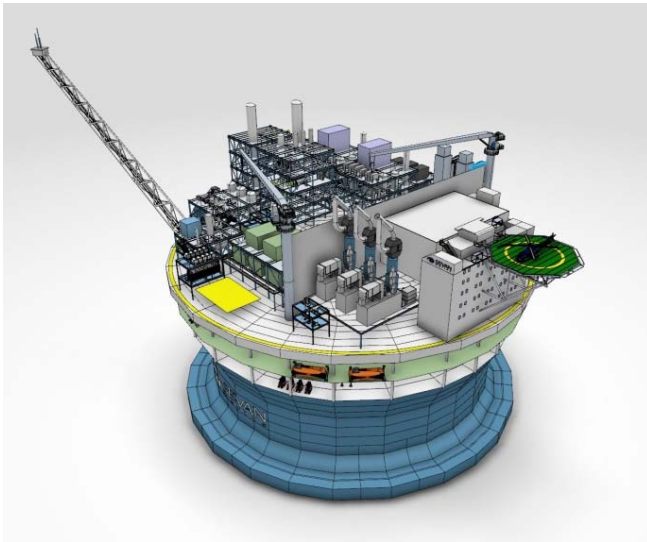


FSO with bridge to Prod. Platform

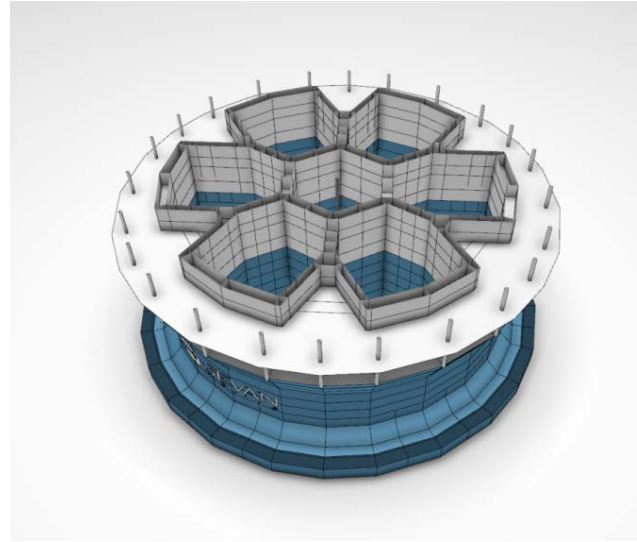


FSO close to Prod. Platform

Sevan FLNG Concept



Topside



Hull and Containment



Offloading based on HiLoad

Main Features

- No turret, no swivel
- SPB or membrane cargo containment system
- Dual Nitrogen expansion or MR liquefaction technology
- 220,000 m³ LNG storage

Status

- Proven hull
- Proven cargo containment systems
- Proven liquefaction technologies
- Offloading systems under development

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Proven technology: Sevan designed units

Sevan Driller

Field operator: Petrobras
Field: Pre-salt Brazil
Building year: 2009
Design: Sevan 650



Sevan Brasil

Field operator: Petrobras
Field: Pre-salt Brazil
Building year: E2012
Design: Sevan 650



Sevan Louisiana

Field operator: LLOG
Bluewater
Location: US Gulf of Mexico
Building year: E2013
Design: Sevan 650



Sevan Developer

Design: Sevan 650
Building year: 2013 /2014
Yards: Cosco Shipyard, China




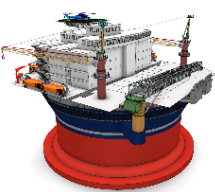


Logite Offshore – Two Accommodation Units



Logitel Offshore has entered into a 3 year charter contract with Petrobras commencing end 2014 for the provision on one accommodation unit, currently under completion at the COSCO yard in China, to be stationed offshore Brazil.



A partner based approach to new concept development

Drilling	Accommodation	EOR	Gas-to-Wire
			
<ul style="list-style-type: none">▪ UDW capabilities▪ Optimised drilling efficiency▪ Large deck area and high deck load cap.▪ Favourable motions – improved efficiency and reduced sloshing▪ Large storage capacity	<ul style="list-style-type: none">▪ Excellent motion characteristics give ideal working conditions▪ 500 beds, with potential for more▪ Large lay down deck area, workshop, storage and crane coverage	<ul style="list-style-type: none">▪ Excellent motion characteristics give ideal working conditions▪ Three moonpools▪ Large deck area and high deck load capacity▪ Large storage capacity	<ul style="list-style-type: none">▪ Excellent motion characteristics give ideal working conditions▪ Offshore combined cycle powerplant▪ Carbon capture capabilities▪ 540 MW

SEVANDrillingLOGITEL OFFSHORETEEKAY CORPORATIONSIEMENS

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Status on Logitel Offshore



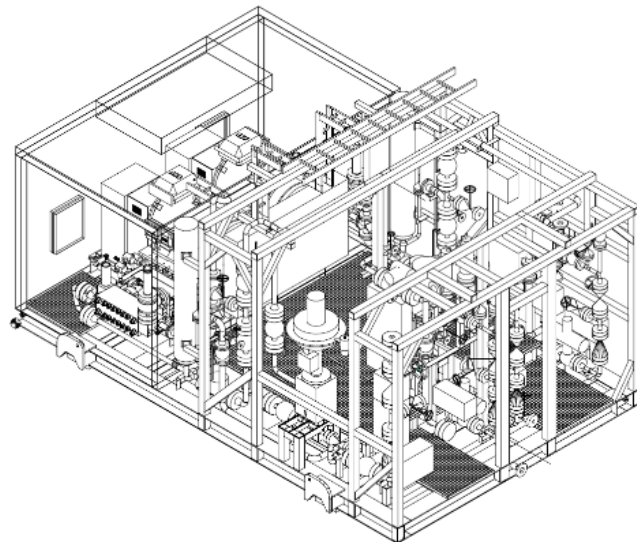
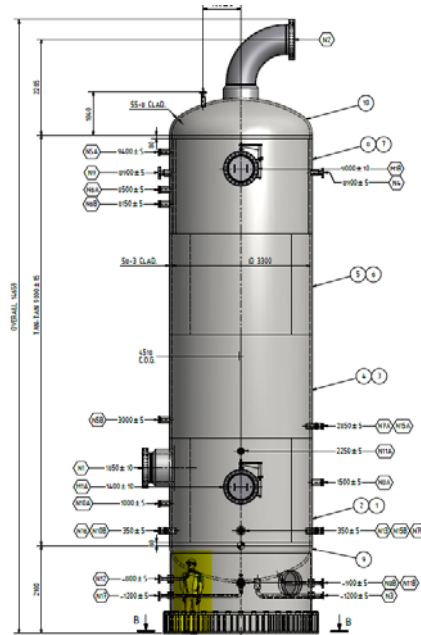
- Two Floating Accommodation Units (FAUs) under construction at the Cosco Yard in China
- Sevan holds a convertible bond of USD 60 million. The bond has been structured as a bullet loan, with a 3 per cent coupon. The loan can be converted, upon certain conditions, by Sevan, into shares in Logitel Offshore

Status on Logitel Offshore



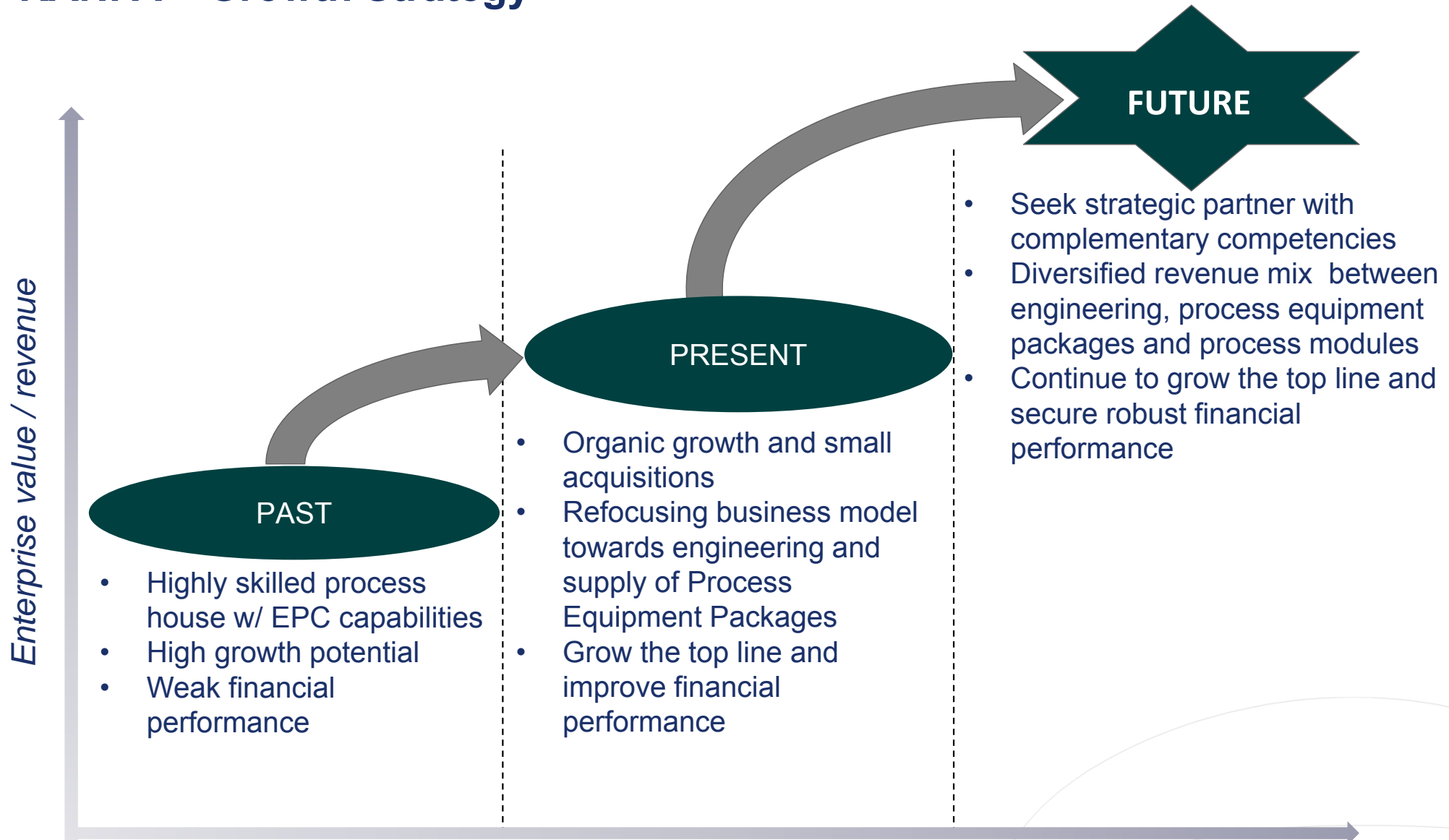
- Logitel Offshore has entered into a 3 year charter contract with Petrobras commencing end 2014 for the provision of an accommodation unit
- Logitel is reporting progress according to schedule and budget at the yard
- Sevan will earn a license fee of USD 5 million for each of FAUs currently under construction. A license fee of USD 10 million has been agreed for any future FAU based on the Sevan design

Status on KANFA Group



- 4 new process equipment packages secured in Q4 (total amount approx. 40 MNOK)
- KANFA has secured process equipment packages with a total value of approx. 340 MNOK in 2013
- Market outlook for 2014 looks softer in general for delivery of process equipment packages. However, remains favourable in terms of securing more engineering studies

KANFA – Growth Strategy



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Q4 2013 – Profit & Loss statement

Unaudited figures in USD million

	<u>Q4 13</u>	<u>Q3 13</u>	<u>Var.</u>	<u>Comment - main driver</u>
Operating revenue	31,2	26,1	5,1	Sevan increased 1.3 (license income 1.0), KANFA increased 3.8 (Flex LNG 4.8),
EBITDAFX	1,3	2,8	-1,5	Sevan reduced 4.0 (restructuring settlement (2.9) and high unpaid tendering and BD cost), KANFA increased 2.5 (mainly related to Samsung settlement)
Operating profit	0,9	2,7	-1,8	As above
Net profit	1,5	4,5	-3,0	As above + payable tax in Aragon (50% owned)

Influenced by One-Offs

Note: See press release and Q4 2013 interim report dated February 25, 2014 for a more detailed description of the Q4 interim financial results.

Q4 2013 – Balance Sheet

<u>Unaudited figures in USD million</u>	<u>Q4 2013</u>	<u>Q3 2013</u>	<u>Change</u>	<u>Comment</u>
Sevan Capital Assets	-	-		
Intangible assets	13	13		
Deferred income tax assets	8	8		
Loan	60	60	-	Loan to Logitel
Other non-current assets	4	2	2	
Total non-current assets	85	83	2	
Trade and other receivables	39	38	1	Working capital changes
Cash and cash equivalents	41	40	1	Working capital changes
Total current assets	80	78	2	
Total assets	165	161	4	
Total equity	126	125	1	Net profit Q4
Total non-current liabilities	4	5	-1	
Total current liabilities	35	32	3	Working capital changes
Total liabilities	39	36	2	
Total equity and liabilities	165	161	4	
equity-%excl. minority interest	75 %	76 %		

Only minor changes

Note: See press release and Q4 2013 interim report dated February 25, 2014 for a more detailed description of the Q4 interim financial results.

Q4 2013 – Outstanding Issues

- Agreement with ONGC signed in January. Payment expected within Q1 14 (MUSD 3)
- Piranema fine – provision reduced in Q4 (MUSD 1)
- Performance guarantee for Sevan Drilling towards Petrobras (guarantee for Sevan Drilling towards lenders was released in October)

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Outlook

Operation

- Continue to support the projects under construction, i.e. Goliat and Western Isles

Sales

- Secure FPSO, FSO and FLNG studies
- Secure FPSO/FSO license agreements with Teekay
- Secure license agreements directly with Oil Companies

KANFA

- Continue the growth strategy

LOGITEL

- Continue to support LOGITEL throughout the execution phase of the two vessels under construction
- Continue to support LOGITEL in their efforts to secure a charter contract for vessel #2

Q & A

